EXHIBIT JPX 234
Part 1 of 2

From: Anuj Aggarwal

Sent: Fri, 06 Mar 2009 17:28:26 GMT

To: Barry Volpert; Tom Murphy; Robert Delaney; Bob Hurst; Richard DeMartini; Quentin Chu; Alex Rose; Adam Klein; Alex Binderow; Alexandra Leonard; Evelyn Pellicone; Heather Walker

CC: Jeffrey Marcus; Brian Cassidy; Anuj Aggarwal; Harold Kim

Subject: Charter IC Memo

All,

Please find attached a detailed memo for our Investment Committee meeting scheduled for this coming Monday. We will leave hard copies on your desks. Please let us know if you have any questions. We look forward to discussing this exciting opportunity with the IC.

Regards,

Team Charter

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MARCH 9, 2009

Charter COMMUNICATIONS

A WIRED WORLD COMPANY

INVESTMENT COMMITTEE MEMORANDUM

Presented by: Jeff Marcus, Brian Cassidy, Anuj Aggarwal, Harold Kim

STRICTLY PRIVATE AND CONFIDENTIAL

Crestview

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CONFIDENTIAL MEMORANDUM

To: Investment Committee

From: Jeff Marcus, Brian Cassidy, Anuj Aggarwal, Harold Kim

Date: March 9, 2009

Re: **Charter Communications**

The purpose of this memorandum is to request Investment Committee approval to remove our due diligence conditionality and commit to invest up to $225 million in Charter Communications as part of a $1.6 billion rights offering priced at a valuation of 6.1x 2009e EBITDA. (Final closing would still be subject to additional conditions including the consummation of our proposed restructuring plan.) Our investment would be comprised of the following:

1. **Fund I investment of $25-$56 million for our pro rata share of the rights offering resulting from our ownership of $138 million of face of the CCH I bonds.**
2. **Fund II investment of $169-$200 million as part of the backstop to the rights offering. If there is full participation in the rights offering, we would still have the opportunity to invest $83 million out of the $400 million overallotment option granted to the backstop parties in addition to our $56 million pro rata share. (The rights offering backstop was oversubscribed and would have been fully committed to by Apollo and Oaktree without Crestview's participation.)**

We view this as an attractive investment opportunity to team up with Apollo and Oaktree to buy a controlling stake in the fourth largest US cable company, with underpenetrated advanced services, an attractive capital structure and significant tax attributes at a trough multiple for the industry. As part of the transaction, Jeff Marcus would most likely become Chairman of the Company.

1. Situation Overview

As you know, in July 2006, Crestview invested in the debt of Charter Communications ("Charter" or the "Company"), the fourth largest broadband communications company operating in the United States with approximately 5.0 million subscribers as of December 31, 2008. We initially invested $48 million of equity and $43 million of debt to buy $100 million face of the CCH I 11% Notes due 2015 (the "CCH I Notes" or the "Notes"). Subsequently, over the span of a few months in 2008 we purchased an additional $38 million face of Notes bringing our total position to $138 million of face and total investment to $115 million ($95.5 million net of interest received). The opportunity was identified as a result of Crestview's ongoing monitoring of the Company (20% of which is comprised of former Marcus Cable systems) and its cable industry peers. Our original investment thesis was that, given the Notes' liquidity, pricing, and position in the capital structure, an investment in the Notes would generate an attractive risk-adjusted return and could facilitate future asset purchases. In addition, the deal team believed that, in a potential restructuring scenario, the Notes would be deemed the fulcrum security, giving Crestview an equity stake in the Company.

Over the past two years, the Company has greatly improved its plant, rolled out advanced services, and revamped its customer care operations that has led to impressive financial results. Charter has experienced double-digit EBITDA growth for the past nine quarters and continues to penetrate higher margin products and services. (This compares very favorably to the 4.5% 2005-2008e EBITDA CAGR assumed in our original investment committee memorandum dated June 6, 2006). However, with approximately $22 billion in debt obligations outstanding and projected net leverage of 9.0x 2009e EBITDA, the Company's capital structure was unsustainable, especially in today's credit environment.

In December 2008, Charter announced that it planned to initiate discussions with its bondholders in an effort to rationalize its capital structure. Subsequently, the Company announced that two of its subsidiaries, CCH I Holdings ("CIH") and Charter Holdings, did not make scheduled interest payments of $74 million due on January 15, 2009. Given the recent market turmoil and decline in cable valuations, the Company did not believe that it would be able to get a proper valuation appraisal to meet a Delaware capital adequacy test. Therefore, independent board members, concerned about their potential personal liability, did not approve the upstreaming

of capital to pay junior debt holders. After missing the interest payment, the Company had a 30-day grace period to make the interest payments before needing to file for bankruptcy.

Subsequent to the Company announcement, several of the larger CCH I bondholders formed an ad hoc group ("Committee") and hired UBS Securities, Houlihan Lokey, and Paul Weiss (together "Advisors") to explore restructuring alternatives. Over the past three months, Crestview has been working as part of the Committee to formulate a restructuring plan that is acceptable to the Company and Vulcan/Paul Allen (who owns a majority stake in Charter's voting shares) and maximizes the value recovery to the CCH I bondholders. The Committee currently holds 78% of the CCH I, 52% of the CCH II and 62% of the CIH bonds. The Committee members include Oaktree, Apollo, Fidelity, Capital Research, Western Asset Management, Franklin, AIG, Contrarian Capital, MFC Global, Lord Abbett and Crestview. Each of the members holds at least $100 million of combined face value of CCH I and CCH II bonds with a weighting towards the CCH I bonds.

After a few weeks of intense and often contentious negotiations, the Committee reached a preliminary agreement with Charter's management team and Vulcan/Paul Allen on key terms of a restructuring plan. In order to guarantee that the Company make the $74 million interest payment within the 30-day grace period, Crestview along with the other Committee members sent to the Charter Board of Directors a completed term sheet, restructuring plan and executed equity and debt commitment letters (subject to due diligence) prior to the Company's board meeting on February 11th. The Company's Board accepted the plan and made the $74 million interest payment on February 13th, the final day of the grace period. This provided the backstop parties (the "Backstop Members") of Apollo, Oaktree, and Crestview until March 11th to conduct due diligence and firm up their investment commitments.

Jeff Marcus has played a pivotal role in the restructuring and due diligence process even though Crestview owns just 3.5% of the CCH I Notes. Committee members value Jeff's cable industry experience, deep knowledge of the Company and relationships with the members of the Board of Directors and management team. They have looked to him as one of the leaders of the group and have encouraged Crestview to take a larger stake in the rights offering relative to its ownership percentage even at the expense of their own dilution. As part of the transaction, Jeff would most likely become Chairman of the Company.

2. Key Players List

Target

- Charter Communications
    - Neil Smit (CEO)
    - Michael Lovett (COO)
    - Eloise Schmitz (CFO)
    - Lazard (financial advisor to Charter)
    - Kirkland & Ellis (Charter counsel)
- Paul Allen/Vulcan
    - Miller Buckfire (financial advisor)
    - Skadden (Vulcan counsel)

Acquiror

Restricted Bondholder Members

- Crestview Partners, LP *(backstop party)*
- Oaktree Capital Management, LP *(backstop party)*
- Apollo Management Holdings, LP *(backstop party)*
- Franklin Resources, Inc
- Fidelity Management & Research Company
- Capital Research & Management Company
- Western Asset Management Company
- MFC Global Investment Management
- Lord, Abbett & Co. LLC

Unrestricted Bondholder Members

- AIG Global Investment Corp.
- Contrarian Capital Management LLC

Advisors

- UBS, Houlihan Lokey (financial advisors)
- Paul Weiss (Committee counsel)
- Herb Hribar (operating consultant)
- Altman Vilandrie (market research consultant)
- PricewaterhouseCoopers (accountants)
- Chadbourne & Park LLP (regulatory counsel)
- Anchor Pacific (programming consultant)
- Mercer (compensation consultant)

3. Company Overview

Charter is the fourth largest broadband communications company in the United States. The Company offers traditional cable video programming, high-speed Internet access and telephone service through the Internet. As of December 31, 2008, the Company served approximately 5.0 million video customers, 2.9 million high-speed Internet customers and 1.4 million telephone service customers. In 2008, the Company generated revenues and adjusted EBITDA of $6,467 million and $2,315 million, respectively (35.8% margin). Charter is headquartered in St. Louis, Missouri and has 16,630 full time employees. Approximately, 20% of Charter is comprised of former Marcus Cable systems.

3.1 Company History

Microsoft Corp. co-founder Paul Allen bought Charter in 1999 and, through acquisitions, transformed it into the fourth largest cable company in the United States (after Time Warner, Comcast and Cox). In the process, Charter incurred an onerous debt burden (currently approximately $22 billon), which hampered the Company's ability to invest in its network and deploy advanced services at the same pace as its industry peers.

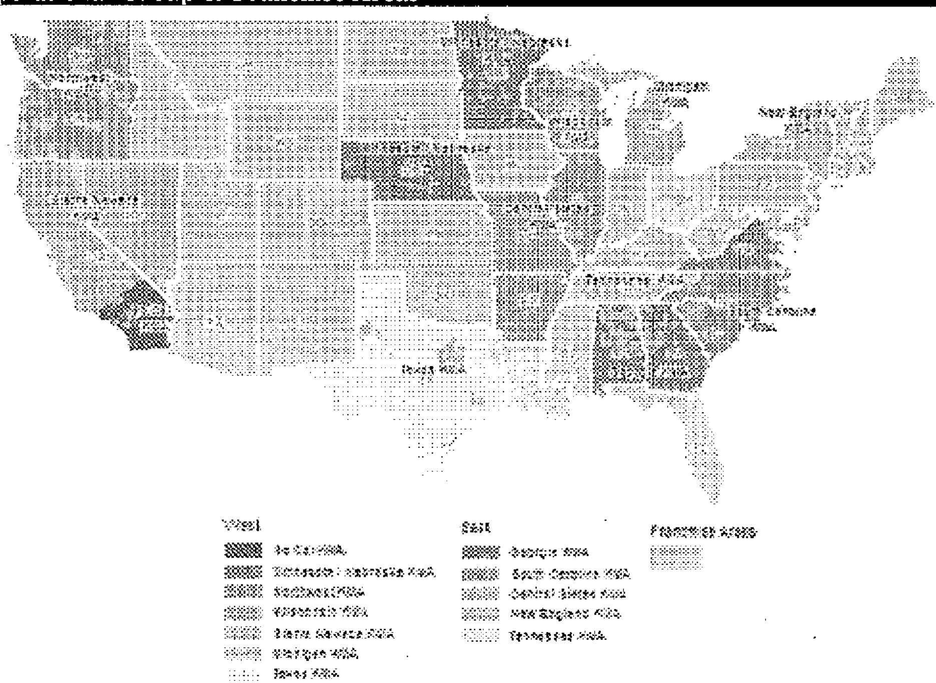
Charter's less advanced networks and ex-urban properties were vulnerable to competition from DBS providers, which targeted the Company's territories, resulting in over half a million basic subscriber losses from 2003-2005. Further dragging on the Company was an accounting scandal, which resulted in the conviction of former Chief Financial Officer Kent Kalkwarf and former Chief Operating Officer David Barford in April 2005 for fraud charges dating to a July 2003 indictment for artificially inflating revenue and subscriber numbers.

Senior management turnover further compounded the Company's problems. Most recently, Neil Smit was elected President and Chief Executive Officer on August 22, 2005 to replace Carl Vogel, who resigned in January 2005 following clashes with Paul Allen. Neil has brought stability to the Company's management and has led the business's recent turnaround. Neil previously worked at Time Warner, Inc., most recently serving as the President of Time Warner's America Online Access Business.

3.2 Operational Overview

The map below depicts the Company's existing operations.

2009 Operational Group & Franchise Areas

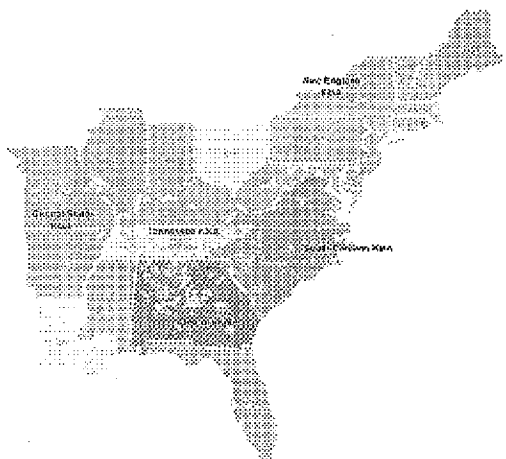


The Company segments its business geographically into Western and Eastern regions, which are then further divided into several sub-regions called Key Market Areas ("KMAs"). The table below provides a summary of the two regions as of December 31, 2008.

	[illegible]	[illegible]	[illegible]
Basic Customers	2.5 million	2.5 million	5.0 million
RGUs	6.2 million	6.2 million	12.4 million
KMAs (Customers in thousands)	Central States/Missouri (543) Georgia/Alabama (610) Tennessee/Louisiana (542) New England (340) South Carolina (518)	Wisconsin (509) Michigan (597) Minnesota/Nebraska (314) Sierra Nevada (281) Texas (160) Southern California (384) Northwest (248)	
Bundle Penetration	52%	54%.	53%
4Q08 Monthly ARPU	$110	$107	$108
YoY OCF Growth	11%	9%	10%

Eastern Region

The Northeastern states including New England are the strongest performers while the Southeastern states have been improving but have been historically limited by the quality of their plant. The charts below provide a map of the Eastern Region, a summary of plant statistics and a detailed KMA breakdown.



East - Summary Plant Information (12/31/08)	
Coaxial miles	114,737
Fiber miles (%)	30%
Homes passed (000s)	5,850
RGUs	6,221
Density (homes per mile)	51
Headends	121
Customers per headend	21,103
2-way plant	95%
VOD enabled	83%
HD enabled	93%
Phone enabled	89%
750MHz+	91%

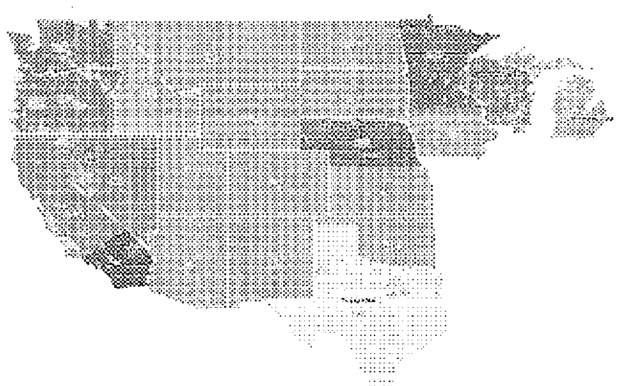
Eastern Region KMAs
As of 4Q08

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plant						
Homes Passed	1,492,672	1,377,015	1,227,716	532,359	1,220,320	**5,850,082**
Homes / Mile	76	48	43	45	47	**51**
# Headends	25	36	32	9	19	**121**
Customers / Headend	21,736	16,953	16,946	37,757	27,244	**21,103**
Bandwidth (% of Homes Passed)						
< 550 MHz	5.4%	4.9%	3.5%	2.4%	3.5%	**4.2%**
550 MHz / 625 MHz	0.3%	15.1%	3.2%	1.4%	3.3%	**5.1%**
750 MHz	28.6%	55.9%	33.2%	45.6%	55.0%	**43.1%**
860 MHz	65.7%	24.1%	60.1%	50.6%	38.2%	**47.6%**
Product Readiness (%)						
Digital	99.0%	100.0%	98.1%	99.9%	100.0%	**99.3%**
VOD	80.2%	89.4%	69.2%	86.1%	89.9%	**82.6%**
HD	90.8%	93.0%	91.9%	97.6%	92.2%	**92.5%**
HSI	94.1%	95.4%	94.7%	97.6%	95.6%	**95.2%**
Telephone	90.4%	94.9%	86.5%	87.5%	84.2%	**89.1%**
Customer Information						
Video	543,392	610,290	542,276	339,811	517,635	**2,553,404**
Data	317,788	317,229	269,878	199,589	285,690	**1,390,174**
Phone	161,478	136,812	141,421	99,730	138,359	**677,800**
Penetration						
Analog	36.4%	44.3%	44.2%	63.8%	42.4%	**43.6%**
Digital (% Analog)	62.8%	62.4%	58.1%	73.3%	60.5%	**62.7%**
Data	22.6%	24.2%	23.2%	38.4%	24.5%	**25.0%**
Phone (% phone homes)	12.0%	10.5%	13.3%	21.4%	13.5%	**13.0%**
Operating Performance						
YoY Revenue Growth (%)	6.3%	10.5%	9.2%	9.5%	9.6%	**9.0%**
RGU Growth (%)	3.8%	10.4%	3.2%	1.3%	6.8%	**NA**
ARPU Growth (%)	9.6%	13.7%	13.8%	12.3%	11.7%	**NA**
YoY OCF Growth (%)	9.9%	8.2%	9.7%	14.8%	12.6%	**10.6%**
OCF Margins (%)	38.1%	33.3%	36.9%	45.0%	38.1%	**37.7%**
Churn (%)	2.9%	3.0%	3.0%	2.0%	3.0%	**NA**

As can be seen in the chart above, performance varies substantially by KMA. New England is one of the Company's strongest KMAs while Georgia / Alabama have been plagued by lower quality plant, poor customer service, and higher churn. However, the Company achieved positive revenue growth in all of the Eastern Region KMAs in 2008.

Western Region

The Midwestern KMAs have exhibited consistent, profitable growth over the past years. The relative underperformance of the Northwestern and Southwestern states indicates that there is further upside potential in the Western region. The charts below provide a map of the Western Region, a summary of plant statistics and a detailed KMA breakdown.



West - Summary Plant Information (12/31/08)	
Coaxial miles	86,170
Fiber miles (%)	27%
Homes passed (000s)	6,068
RGUs	6,182
Density (homes per mile)	70
Headends	179
Customers per headend	13,923
2-way plant	94%
VOD enabled	79%
HD enabled	91%
Phone enabled	86%
750MHz+	90%

Western Region KMAs								
As of 4Q08								
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plant								
Homes Passed	1,013,010	1,126,565	640,052	724,131	751,062	1,168,186	645,017	**6,068,023**
Homes / Mile	67	48	67	86	78	125	61	**70**
# Headends	14	59	29	22	15	16	24	**179**
Customers / Headend	36,352	44,274	10,824	12,751	10,661	23,972	10,342	**13,923**
Bandwidth (% of Homes Passed)								
< 550 MHz	0.9%	6.3%	1.2%	13.9%	5.9%	1.4%	10.1%	**5.2%**
550 MHz / 625 MHz	1.1%	1.3%	10.6%	8.4%	10.5%	1.9%	6.7%	**4.9%**
750 MHz	82.2%	37.4%	63.4%	37.7%	10.9%	45.1%	27.6%	**44.8%**
860 MHz	15.8%	55.0%	24.8%	40.1%	72.7%	50.0%	55.6%	**44.8%**
Product Readiness (%)								
Digital	98.9%	94.6%	99.6%	96.6%	97.6%	96.9%	98.7%	**97.3%**
VOD	96.5%	92.1%	75.2%	58.6%	64.4%	90.9%	54.0%	**79.4%**
HD	97.8%	91.9%	98.4%	83.2%	89.6%	92.7%	82.7%	**91.4%**
HSI	99.3%	93.1%	99.4%	85.7%	91.2%	96.2%	88.5%	**93.8%**
Telephone	92.3%	86.8%	90.1%	67.7%	74.2%	99.3%	81.5%	**86.0%**
Customer Information								
Video	508,930	597,262	313,892	280,531	159,915	383,549	248,198	**2,492,277**
Data	321,665	348,101	184,014	141,835	111,152	251,107	127,151	**1,485,025**
Phone	167,985	193,185	74,285	48,736	33,206	105,046	48,550	**670,993**
Penetration								
Analog	50.2%	53.0%	49.0%	38.7%	21.3%	32.8%	38.5%	**41.1%**
Digital (% Analog)	61.4%	57.0%	53.4%	58.2%	72.8%	77.8%	54.3%	**61.5%**
Data	32.0%	33.2%	28.9%	22.8%	16.2%	22.3%	22.3%	**26.1%**
Phone (% phone homes)	18.0%	19.8%	12.9%	9.9%	6.0%	9.1%	9.2%	**12.9%**
Financial Performance								
YoY Revenue Growth (%)	8.9%	14.7%	11.7%	6.8%	2.3%	0.1%	9.1%	**8.0%**
RGU Growth (%)	7.7%	11.0%	8.0%	4.7%	(3.1%)	(0.7%)	7.9%	**NA**
ARPU Growth (%)	11.1%	14.7%	13.0%	11.9%	15.8%	7.0%	13.5%	**NA**
YoY OCF Growth (%)	10.4%	15.3%	15.8%	5.6%	2.5%	(1.1%)	9.0%	**9.0%**
OCF Margins (%)	44.8%	41.1%	42.5%	36.1%	30.1%	35.0%	35.4%	**39.1%**
Churn (%)	2.5%	2.2%	2.6%	3.3%	4.5%	3.6%	3.2%	**NA**

Southern California and Texas are two of the Company's most challenging markets due to low quality plant and fierce Telco competition. We think there is an opportunity to swap both of these markets to Time Warner in exchange for its Wisconsin systems.

3.3 Operational Changes

Over the past three years, Charter has attempted to streamline operations, improve customer retention and leverage its improved plant to roll-out advanced services. Pursuant to changes in management, the Company has demonstrated significant improvement in product readiness, customer satisfaction and financial performance. The Company is focused on improving end-to-end customer experience by enhancing network quality and reliability and by increasing productivity in service and technical operations. In addition, Charter has grown revenue through increased bundle penetration, advanced service offerings, and improved sales and retention capabilities. Lastly, the Company has demonstrated operating and capital effectiveness by adding scale to its infrastructure and by investing in success-based capital. Success-based capital (as a % of total spend) has increased from 68% in 2005 to 77% in 2008 and has a 24-36 month payback threshold.

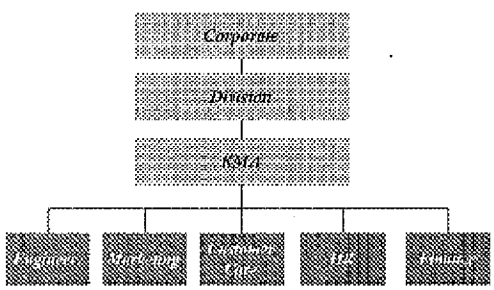
The table below is a summary of the Company's progress since Neil Smit joined as CEO in 2005.

		Then 2003 – 2005 (1)	Management Change	Now 2005 – 2008
[illegible]	RGU CAGR	3%		7%
	Telephone Readiness (2)	26%		88%
[illegible]	Revenue CAGR	7%		10%
	Adj EBITDA CAGR	3%		9%
[illegible]	Marketing Spend (% of Revenue)	2 – 3%		4%
	Success-Based Capital Spend (% of Total) (2)	68%		77%
[illegible]	% Debt Maturing within 5 Years (3)	53%		2007: 24% 2008: 32%

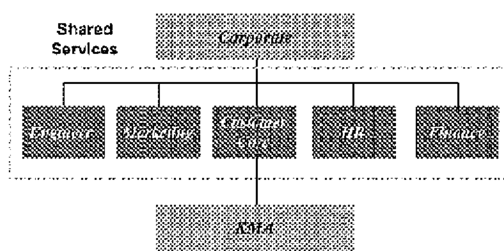
(1) 2003 - 2005 not pro forma for system sales in 2006 and 2007.
(2) As of year-end 2005 and 2008 for "Then" and "Now," respectively.
(3) As of 6/30/05 for "Then". As of year-end 2007 and year-end 2008 for "Now".

The Company has reorganized its operations to deploy a centralized strategy with local execution. In 2005, Charter was organized such that each KMA had its own functional group (i.e. engineering, marketing, customer care, finance, HR). However, the Company now employs a shared services approach, which creates strategic alignment and clear delineation of responsibilities. All functional groups are now consolidated, allowing for benefit from scale and consistency in the go-to-market approach. The charts below show the change in organizational structure.

CHARTER 2005



SHARED SERVICES APPROACH (2009)



Additionally, the Company has centralized and consolidated its customer care and dispatch operations, which has resulted in realized efficiencies and margin improvement. It is estimated that ~40% of call center operations are outsourced which has reduced the cost per customer call to $0.86/min.

3.4 Plant and Network

Charter has invested significantly in its plant to enhance the network and bring it in line with its industry peers. From 2000-04, the Company invested $4 billion in upgrading its plant ($340 per home passed) and deployed robust and scalable HFC architecture with fiber deep deployments. Currently, ~90% of its plant is 750 MHz or greater and 95% is 2-way capable. Over the past two years, Charter has streamlined its footprint through asset sales and is now positioned to efficiently add more network capability. In addition, the Company has reduced the number of headends from 720 in 2005 to 300 in 2008, representing a 58% improvement.

The tables below are a summary of Charter's network/plant.

Plant Summary

	2005	2008	% Improvement
Number of headends	720	300	58%
Customers per headend	8,173	16,819	106%
Miles of plant	222k	201k	9%
Density (homes per mile)	45	59	31%
% of homes passed 2-way activated	87%	95%	9%
> 750 MHz	87%	90%	3%
Telephone homes passed	3mm	10mm	233%

Bandwidth Summary

	[illegible]				
	450Mhz or less	550/ 625MHz	750Mhz	860Mhz	Total
Plant mile ('000)	14.5	9.4	82.9	94.1	200.9
% of total miles	7.2%	4.7%	41.3%	46.8%	100.0%
Homes passed ('000)	561	598	5,256	5,503	11,918
% of total HP	4.7%	5.0%	44.1%	46.2%	100.0%

Comments:

> Areas with higher density have higher bandwidth capacity
> Remaining 450MHz orl ess sytems are standalone headends with lower density (<30 homes)
> 450MHz and 550MHz markets will be targeted with All Digital Solutions (ADS)

The improved plant capacity has enabled the roll-out of advanced services. As can be seen in the table below, 84% of homes passed are now telephone ready.

Product Readiness

	[illegible]		[illegible]		[illegible]	
	HP (mm)	% HP	HP (mm)	% HP	HP (mm)	% HP
Digital	6.0	98%	5.8	99%	11.8	99%
HSI	5.8	94%	5.6	96%	11.4	95%
Telephone	5.1	83%	4.9	84%	10.0	87%
VOD	5.1	83%	4.9	84%	10.0	84%
HD	5.7	92%	5.4	93%	11.1	93%
DVR	5.8	94%	5.2	90%	11.0	92%

The Company is currently in the process of rolling out DOCSIS 3.0 in certain markets, which will improve Internet speeds dramatically (up to 100MBs from 16MBs in 750/860 MHZ markets) and enable the Company to "lead with speed." By 2011, DOCSIS 3.0 will reach 81% of the network. The Company is also investing in switched digital video (content switching at the node instead of a constant stream) which will improve HD capacity and be available in 91% of its systems by 2012. Lastly, the Company is using video simulcast technology (convert analog broadcast signals to digital) to improve network capacity and enable a more robust video offering.

3.5 Product Strategy

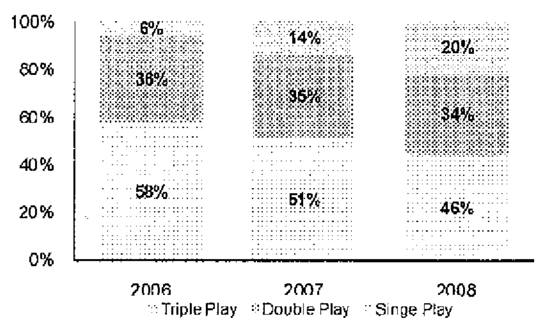
The Company's primary strategy over the past few years has been to sell the customer on the value of the bundle. The bundle increases customer satisfaction, greatly reduces churn and creates benefits of scale. HSI and telephone are also much higher margin products than video. In 2008, phone and HSI contributed 64% of revenue growth with margins improving by 60 bps from increased bundle penetration and infrastructure scaling.

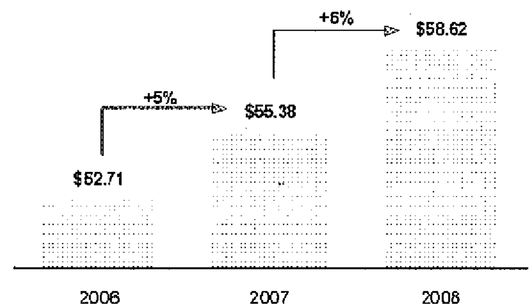
Video

Charter offers basic, expanded and digital video programming to its customers. Although the penetration level for analog customers has been decreasing over the years, digital penetration continues to increase. Digital penetration is currently at 62% (of analog subs) as compared to 52% in 2006. Charter invested in upgrading its plant to offer customers advanced services, which in turn is driving video revenue growth.

- Basic, expanded basic and digital tiers
- Genre and premium options available
- Over 400 HD On Demand movies and shows with a range of 20-44 HD linear channels
- 62% digital penetration, up from 52% in 2006
- Video ARPU up 6% in 2008, with 83% of growth coming from advanced services
- 55% gross margins

- Upsell customers to premium video tiers
- Increase digital and advanced services penetration
  - Add more HD content
  - Leverage On-Demand as primary differentiator from satellite
- Use bundle to stabilize basic and target win-back opportunities to unserved homes





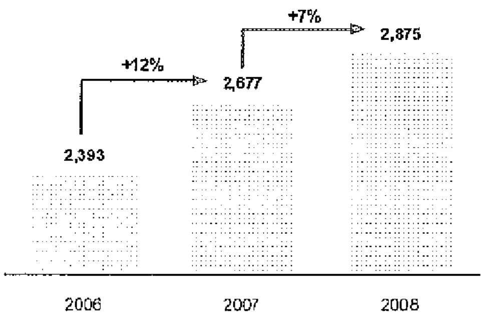
As can be seen in the chart above, the Company has increased triple penetration from 6% in 2006 to 20% in 2008.

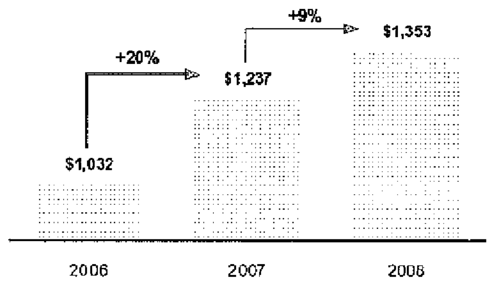
<u>High Speed Internet (HSI)</u>

The Company's best and most differentiated product is HSI. This product is vastly superior to DSL (5MBs vs. 16MBs or greater) and has significantly higher gross margins than video (~96% vs. ~55% for video). In 2009, management projects HSI to contribute 21% of total revenue and 24% of revenue growth through increased product penetration. Broadband penetration is expected to increase from 24% (% of homes passed) in 2008 to 31% in 2013.

- Data speeds of 1Mbps, 5Mbps, 10Mbps and 16Mbps in all markets
- Complete solution – home networking, virus protection, parental controls
- 9% revenue growth in 2008 – performance driven by both rate and volume
- Home networking represents about 9% of customers and accounted for 16% of 2008 revenue growth
- 96% gross margins

- Continue to focus on speed tier upgrades; launching 20Mbps in all markets by end of month
- Launching DOCSIS 3.0; continue to increase speed tiers. The Company expects that this will be an area of pricing growth
- Increase home networking penetration
- Pull through impact of triple play increases penetration





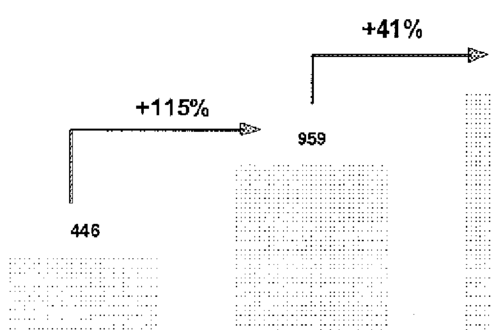
The Company is starting to focus on HSI as a way to increase its video penetration. By using HSI as a lead product, it hopes to gain a foothold in the customer's home and eventually sell the customer its video service.

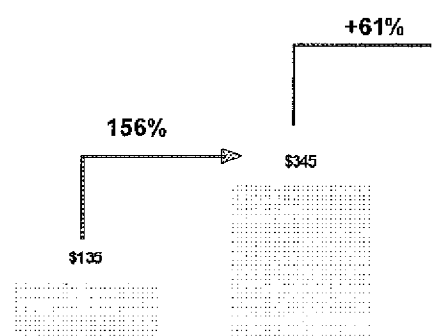
Telephony

Charter has made significant progress in rolling-out its phone product, but its markets remain underpenetrated relative to its peers. The Company has built its telephone homes passed from 3 million in 2005 to over 10 million in 2008, and penetration levels have increased from 4% in 2006 to 11% in 2008. The telephony service offers customers a more competitive and value-added product and lures them to upgrade to the bundle, leading to better retention and higher margins. Currently, 77% of telephone customers take the Triple Play. The Company is experiencing a pull-through benefit across all products as telephony markets reach double-digit phone penetration. KMAs with greater than 10% phone penetration have higher bundle penetration, margins and YOY RGU growth. In 2009, management projects telephony to contribute about 41% of the Company's total revenue growth.

- Value – unlimited long distance, local, in-state and international calling plans available
- Customer savings of up to 35% or more vs. ILEC
- Phone launches essentially complete – 88% of footprint telephone enabled at YE 2008
- Telephone customers and revenue up 41% and 61%, respectively in 2008
- 77% of telephone customers take Triple Play
- 88% gross margins

- Continue to refine offers to attract prospects, upsell existing customers and drive bundle relationships
- Opportunity to penetrate non-video households with HSI + telephone bundle
- Expect to reach 20% penetration (% homes passed) in next few years





Crestview

Product Pricing Comparison

As can be seen in the table below, the Company's single product offerings are priced at relatively higher rates as compared to RBOCs and DBS providers. Charter's video product averages ~$10-$15 above RBOC rates and ~$10-$40 above DBS rates. This is consistent with the Company's strategy to drive customers to the bundle. Although the pricing disparity between DBS providers is significant, Charter expects greater competition from the RBOCs since DBS providers do not offer a true triple play package of video, HSI and telephone services. On a promotional basis, Charter's prices are generally in-line to slightly lower than the RBOCs depending on the market.

	Video			HSI	Tel	Total	Promo	[illegible] Video			HSI	Tel	Total
	Package	Channels	Promo Price	Package	Package	Bundle Price		Package	Channels	Promo Price	Package	Package	Bundle Price
AT&T U-verse	U-100	200	$30	*Pro 3 Mbps ($30)	Uverse Voice Unlimited - ($30)	$90	Price includes $2.97 with credit for 12 mos; up to $200 cash back	Digital Home	100+	$44.99	5 Mbps ($29.99)	Unlimited ($29.99)	$104.97
	U-200	200	$45			$105		Digital Home + Digital View Plus + DVR	140+	$51.99			$114.97
	U-300	260	$65			$125		Digital Home + Digital View Plus + 2 Premiums + DVR	167+	$80.99			$140.97
	U-400	330	$85			$145		Digital Home + Digital View Plus + Sports View + 3 Premiums + DVR	176+	$85.99			$155.97
Verizon FiOS	**Essentials	285	$39.99	Fast 10 Mbps ($29.99)	Freedom Essentials ($29.99)	$99.97	Free multi-room DVR for 6 mo's; free HD box for 12 mo's	Digital Home + Digital View Plus + HD upgrade + DVR	140+	$54.99	5 Mbps ($29.99)	Unlimited ($29.99)	$114.97
				Faster 20 Mbps ($33.99)		$103.97					10 Mbps ($39.99)		$124.97
				Faster Plus 20/20 Mbps ($51.99)		$121.97					20 Mbps ($54.99)		$139.97

*AT&T Pro (3 Mbps) is the primary internet product included in bundle marketing. Other speeds offered include 1.5 Mbps ($20), 6 Mbps ($35), 10 Mbps ($??), and 18 Mbps ($65)

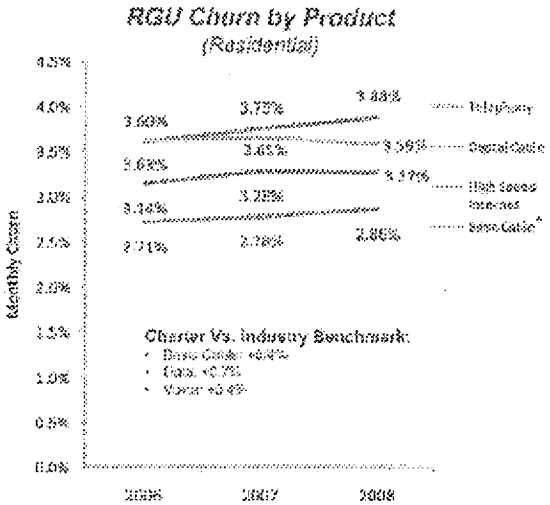
**Price includes a 2 year contract. Verizon Extreme HD video tier available for an additional $10.

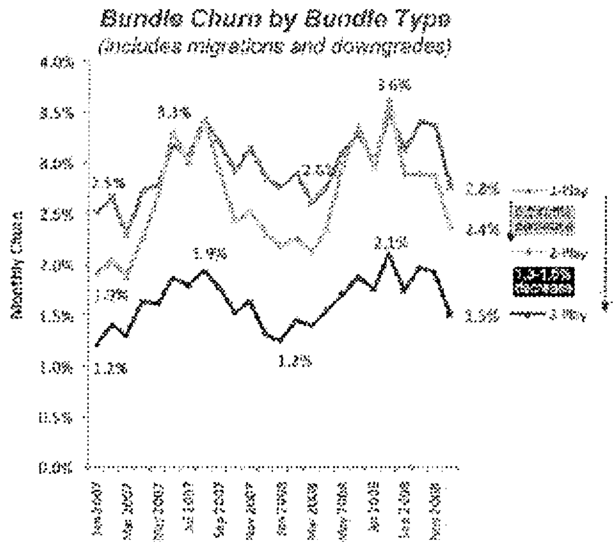
	Package	Channels	Promo Price	Promotions	[illegible] Package	Channels	Promo Price
DirecTV	Family Package	45	$29.99	n/a	Expanded Basic	70+	$44.99
	Choice Package	150	$29.99	$23 bill credit per mth for 12 mths.	Digital Home + Digital View	120+	$54.99
	Premier Package	265	$81.99	$23 bill credit per mth for 12 mths + 5 Premiums free for 3 mths.	Digital Home + Digital View Plus + SportsView + 3 Premiums	176+	$100.99
Dish Network	Dish Family	40	$19.99	n/a	Digital Home	100+	$49.99
	Classic Bronze	100	$9.99	$35 credit for 6 mo's (24 mth commitment required)			
	Classic Silver	200	$27.99	$25 credit for 6 mo's (24 mth commitment required)	Digital Home + Digital View Plus	140+	$59.99
	"Everything Pack"	280	$52.98	$25 credit for 6 mo's + $20 credit for 3 mo's (24 mth commitment required)	Digital Home + Digital View Plus + Sports Tier + 3 Premiums	176+	$100.99

Customer Churn

Taking RBOC competition and triple play into consideration, the Company's basic video churn is expected to grow, although more slowly than that of DBS. Charter's basic video churn is currently 2.9%, which is ~40 bps higher than that of its peers. However, based on its bundling strategy, Charter has achieved churn improvements of 1.3-1.5% for triple play customers relative to single-product subscribers.

The table below is a summary of Charter's churn by product and by bundle type.

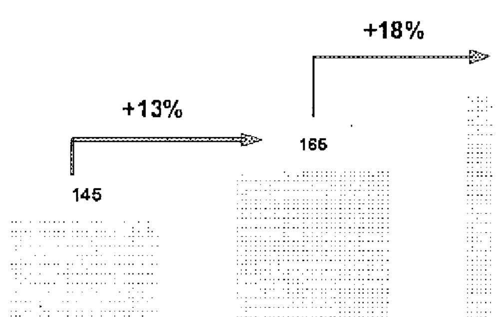


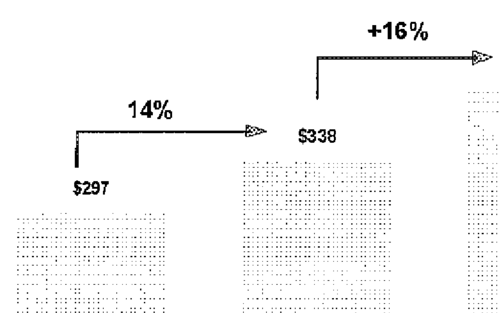


Churn levels are a function of competition, plant quality, customer service and demographics. It is the most sensitive operational value driver. By reducing churn from ~3% to 2.5% per month, Charter would deliver up to $200 million of additional annual cash flow by 2013. This churn level would more in line with US cable operator averages. We believe there is a lot of upside to improve on the Company's current and projected churn rates.

Commercial

Charter's commercial bundle product represents an untapped opportunity with current infrastructure in place to drive customer growth. As can be seen in the table below, commercial customers and revenue have increased by over 13% since the past two years. In 2009, management expects revenue to grow to $456 million, representing 17% YOY growth. As Charter expands its on-net footprint and increases telephony penetration, commercial RGUs are expected to continue to grow in the foreseeable future.



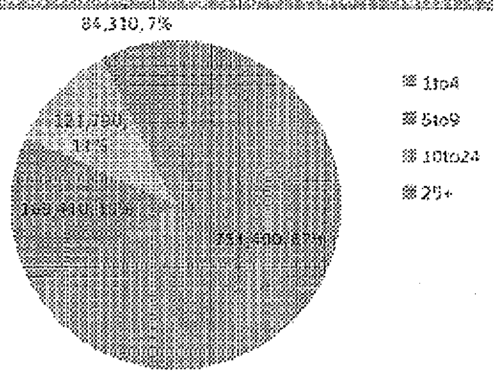


Crestview

- Charter Business bundle available to entire residential phone footprint
    - Commercial video
    - Data speeds ranging from 5Mbps/512Kbps to 16Mbps/2Mbps
    - Multi-line telephone packages
- Infrastructure in place and staffed to support growth
- $5.5 billion business addressable spend within 600 ft of network; primary target 2-12 phone lines
    - 1 million target customers; 1/3 on the network, 1/3 within 600 ft and 1/3 greater than 600 ft

- Drive growth via inside sales, price driven offers with focus on bundle
- Increase sales of Charter Business Bundle using proven sales approach from existing residential phone deployment
- Leverage third party resources to scale telephone sales and installation

Businesses with 1-4 employees represent about 67% of businesses in Charter's footprint, which could limit CLEC competition. The Company plans to actively target its ~1 million commercial customer base with a primary focus on SMBs that require 2-12 phone lines. The chart below is a summary of Charter's commercial customer base.



We believe that the commercial segment represents a vastly untapped opportunity for Charter.

3.6 Marketing

Charter employs a centralized strategy with local execution for its marketing operations. In recent years, the Company has consolidated its marketing functions to create a consistent go to market strategy and take advantage of scale benefits. The Company leverages its bundle offering to grow/upsell its customer base and employs a test-and-control approach to determine offers that drive best results. In 2008, Charter spent ~4% of total revenue on marketing and expects to spend between 4-5% of revenues in future years.

The Company uses different sales channels on a national and local level to drive RGU volumes. At a national level, Charter uses direct mail, telemarketing, and e-marketing initiatives to drive traffic to call centers. However, at a local level, retail, sales & service centers and direct sales are the preferred channels. The table below is a summary of the different sales channels leveraged by the Company.

Sales Channels

Direct Mail *(>60% of RGU volume)*	▪ Centrally managed; ~150 million mail pieces per year ▪ Drives traffic to inbound call centers ▪ Represents ~19% of marketing spend
Telemarketing *(3% of RGU volume)*	▪ Manage projects via 4-5 outsourced vendors at any given time ▪ Projects granted on performance based model ▪ Represents 6% of marketing spend
Online *(6% of RGU volume)*	▪ Fastest growing channel – approximately 74% in 2008 ▪ Recently launched "Bundle Builder" – 83% of orders > $99.97 ▪ Represents 5% of marketing spend
Retail *(1-2% of RGU volume)*	▪ More than 525 Walmart locations ▪ Regional and local retail base growing ▪ Represents 1% of marketing spend
Sales & Service Center *(12% of RGU volume)*	▪ 1.5 million transactions per month, leveraging S2S model ▪ Retention and migration focus
Direct Sales *(10% of RGU volume)*	▪ Enterprise-wide comp plan and scorecard drive ROI ▪ Currently trailing program to leverage for disconnect win-back ▪ Represents 17% of marketing spend

Charter also uses a Direct Response Tracking System to drive data-driven decision making. The system tracks response rates, order rates, products ordered, revenue generated, customer behavior post-order, and customer lifetime value. This information enables the Company to employ a test-and-control approach to select offers, format and message that drives best results. Approximately 35 tests are run per quarter, split between audience, offer, creative, and interaction strategy. Triple play offers drive the most calls / highest response rate.

3.7 Customer Service Operations

One of the legacy issues with the Company is its poor customer service. The Company has consistently performed at or near the bottom in annual JD Power customer satisfaction surveys. However, over the past two years, Charter implemented call center virtualization, consolidated network monitoring and dispatch operations and significantly improved its key performance metrics. In 2008, the Company delivered improvement in 13 out of 15 key performance metrics. As mentioned previously, Charter has centralized and consolidated its call center operations. The Company currently has 8 internal care centers (down from 15) and 14 external care centers (up from 5) with 80%+ Service Level, up from just over 60% in 2006.

The table below is a summary of the Company's performance on key customer service metrics.

Key Performance Metrics

Metrics	Target Score	2007 Score	2008 Score
Call Center Operations			
Total Service Level	75.0%	83.7%	83.6%
Unique Relationship Contact Rate	90.0%	[illegible]	[illegible]
Automation/Self-Help Completion Rate	30.0%	33.5%	32.8%
Transfer %	23.0%	[illegible]	20.5%
Technical Operations			
Average Time to Repair - Hours	52.0	[illegible]	52.0
Average Time to Install - Hours	6.5	[illegible]	[illegible]
% of Repair Calls Completed Same Day	25.0%	30.9%	32.0%
On Time Arrival %	90.0%	[illegible]	[illegible]
Total Service Call %	3.0%	[illegible]	3.0%
Total Repeat Trouble Call Rate - 7 Day	13.5%	[illegible]	13.3%
Total Trouble Call on Install Rate - 7 Day	8.0%	[illegible]	7.6%
Network Operations			
Total Minutes of Customer Experience Downtime	20.0	11.9	17.5
Modem Downstream Congestion Great or Equal 70%	2.0%	[illegible]	[illegible]
Modem Upstream Congestion Great or Equal 70%	2.0%	0.1%	0.1%
VOD % of Successfully Completed Streams	97.0%	[illegible]	97.5%

As can be seen in the table above, the Company has dramatically improved its service operations in part because of its improved network. (More than 50% of all customer service calls are related to plant performance issues.)

However, it takes a while for reality to change perception. We think there is a terrific opportunity to re-brand the Company post-emergence. (This is discussed in greater detail in *Key Investment Considerations*.)

3.8 Programming

Programming is the Company's largest expense at approximately 25% of total revenue. The Company obtains basic and premium programming from a number of suppliers, usually pursuant to written contracts. The contracts generally continue for a fixed period of time, usually from three to ten years, and are subject to negotiated renewals. Program suppliers usually offer financial incentives to support the launch of a channel and/or ongoing marketing support. Programming costs are generally payable each month and are subject to annual cost escalations and audits by the programmers. In 2008, the Company reported total programming expenses (excluding retransmission consent expense) of $1.63 billion, which is budgeted to increase to $1.75 billion in 2009 (7.4% increase). The Company expects programming costs to continue to increase over the foreseeable future.

Charter has recently completed deals with major networks such as Rainbow, Lifetime, Turner, NBC, Fox, Showtime, A&E, and TV Guide among others. The table below provides a summary of the current and future programming deals and spend/expiration schedules.

2009	2010	2011	2012	2013
Lifetime	E! and Style	Rainbow	Disney/ESPN	Fox
Starz	FSN NW and RM	Turner	NBC	MLB
HBO	Sinclair	GSN	Discovery	Speed
Univision	Weather	FSN Bay Area, NE, NY	A&E/History	Showtime
Scripps Networks	TV Guide			

Of note, the Disney/ESPN contract, which is by far the largest programming expense at around 15% of total, is up for renewal at the end of 2012.

Over past two years, Charter has seen a significant increase in retransmission consent ("RTC") expense. RTC expense has escalated from $0.9 million in 2006 to $14.2 million in 2008. In 2009, management expects RTC expense to rise threefold to $45.3 million and is a major reason the Company is projecting EBITDA margins to fall from 35.8% in 2008 to 35.5% in 2009. The table below is a summary of the RTC expense and major RTC deals completed by the Company.

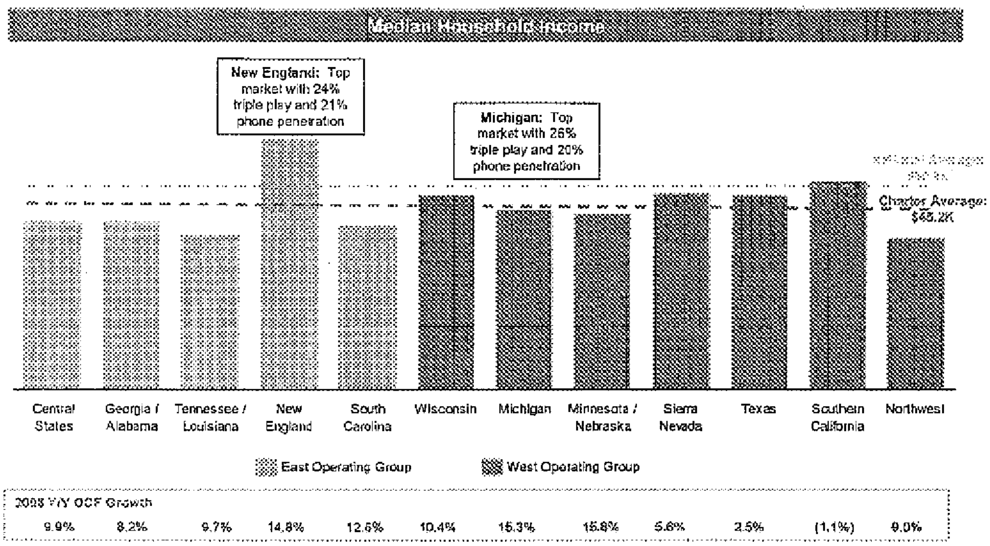
RTC Expense Summary

$ millions	2006A	2007A	2008A	2009B
RTC Expense	$0.9	$7.9	$14.2	$45.3
% growth		777.8%	79.7%	219.0%
Major RTC Deals		Sinclair Raycom	Meredith LIN Hearst Fox O&O NBC O&O	Gannett BELO Cox Gray Barrington Univision

These agreements are generally 3-4 years in length. Therefore, the expense should not grow by as much as in 2009. However, in 2010 the Sinclair consent agreement expires, which represents close to 20% of total retransmission expenses.

3.9 Market Demographics

As shown in the chart below, Charter's average KMA median household income is $45.2k, which is below the national average of $50.2k. Interestingly, household income is not a leading factor of financial performance; New England and Michigan represent the top two performing markets, yet they have very different demographic profiles.



The average unemployment rate in Charter's markets currently stands at 7.7%, approximately 50 basis points higher than the national average.[1]

3.10 Case Study: A Tale of Two Markets

The table below compares the key metrics of two KMAs that lie on opposite ends of the performance spectrum: the Wisconsin KMA, a top performing market; and the Southern California (SoCal) KMA, an underperforming market.

Key Statistics

	2007	2008	2009B	2007	2008	2009B
Penetration:						
Analog (% of HP)		50.2%			32.8%	
Digital (% of analog customers)		61.4%			77.8%	
HSI (% of data homes)		32.0%			22.3%	
Phone (% of phone homes)		18.0%			9.1%	
Revenue per home passed	$54	$55	$60	$43	$41	$42
Revenue per analog customer	$104	$109	$121	$120	$125	$138
Total ARPU ($)	$104	$109	$121	$120	$125	$138
RGU growth YoY	9.3%	7.9%	4.6%	2.1%	(0.6%)	(0.2%)
OCF / analog customer	$43	$53	$57	$49	$41	$42
OCF margin	44.2%	44.8%	44.0%	35.4%	35.0%	35.2%
Capex per home passed	$8	$8	$5	$7	$5	$6
Percent of customers in bundles	54%	60%	64%	44%	50%	55%
Bundled churn	1.8%	1.5%	1.3%	2.6%	3.0%	2.8%
CEI+ (1)	9.90	10.32	10.00	9.61	10.00	10.00

(1) Overall total company goal for 2009. CEI+ 2007 metric is January 2008 when metrics for CEI+ was first started

The SoCal KMA's underperformance is attributable to a number of factors:

- Fierce competition: Charter competes with numerous other providers including Verizon FiOS, AT&T, DirecTV (based in El Segundo) and Dish
- Highly fragmented systems: Charter's franchises are spread all over Southern California with little to no clustering making marketing very inefficient
- Diverse demographics: Southern California is characterized by a diverse mix of ethnicities and household income levels. This complicates the task of marketing to a broad base

[1] Source: US Bureau of Labor Statistics, SNL

- Challenging housing market: Recent jump in foreclosures has increased customer churn
- History of poor management with heavy turnover

The Wisconsin KMA starkly contrasts in almost every aspect:
- Light competition with limited Telco roll-out
- Higher quality plant
- Favorable demographics: lower bad debt and lower customer churn from moves/foreclosures

While the ongoing housing crisis, market demographics and competitive dynamics fall outside the Company's control, we believe that there is upside in the Southern California market. The most obvious opportunity is for Charter to consolidate facilities in SoCal to improve efficiency and scale; the SoCal KMA management team has already identified restructuring opportunities such as consolidating facilities from Long Beach to Irwindale. Additionally, in response to recurring management problems, the Company has installed a highly competent management team with a track record of turning around operations in West Virginia and Tennessee. The Los Angeles market is an obvious candidate for a system swap as Time Warner surrounds the Charter systems.

4. Management Team

Over the course of our due diligence, the deal team spent a significant amount of time with Charter's senior management team. In summary, we came away from the diligence process impressed by the team's focus, command of the business, recent track record of turning around operations and general enthusiasm for the business. We were particularly impressed with CEO Neil Smit, COO Michael Smit, CTO Marwan Fawaz and CMO Ted Schremp. In our opinion, CFO Eloise Schmitz is the only average team member (although the rest of the finance team was strong). We also met with the regional management teams in Wisconsin, Minnesota and Los Angeles and generally came away favorably impressed.

4.1 Assessment

Our assessment of each member of the senior management team is detailed below:

Neil Smit, President & CEO – Neil has done a first-rate job motivating his team and spearheading the turnaround effort. Based on our interactions with Neil, he exhibits exceptional leadership skills and has cultivated a strong sense of camaraderie within his management team. Jeff Marcus has developed good chemistry with Neil throughout the restructuring negotiations and diligence process. Herb Hribar, our operations consultant, agreed with our assessment of Neil. Neil is a former Navy SEAL.

Michael J. Lovett, Executive Vice President and COO – Michael has played an instrumental role in streamlining the Company's operations and assisting Neil with the turnaround effort. The deal team and Herb were impressed with Michael's knowledge of the business and his ability to execute on the Company's operating strategies.

Eloise Schmitz, CFO – Eloise is the longest serving executive on the senior management team. While Eloise has deep experience with the Company – she was with Charter when it acquired Marcus Cable and when it went public – the deal team thought she was average. She acted as an impediment to our due diligence efforts and did not inspire a lot of confidence with her grasp of the Company's financial results and projections.

Marwan Fawaz, Executive Vice President and Chief Technology Officer – Marwan has a deep understanding of the Company's networks and technology architecture and commands respect from his team. He has accomplished a lot in his short time with the Company and has greatly reduced the number of Company network problems on a tight capital expenditure budget. This view is supported by the fact that Marwan was offered the second-in-command IT position at Time Warner Cable before accepting his post at Charter. He has an excellent reputation within the industry and Herb Hribar was also particularly impressed by Marwan.

Ted Schremp, Executive Vice President and Chief Marketing Officer – Ted has been a key player in driving the Company's marketing strategy and successfully increasing ARPU and bundle penetration. His knowledge of

the Company's products, confidence and enthusiasm for the business shone through during the management presentations.

Joseph Stackhouse, Senior Vice President of Customer Operations – Joe has spent the last two years designing and implementing strategies to revamp customer care operations and change customers' perceptions of Charter in underperforming markets. Herb was very impressed with his performance and his ability to turn around operations upon joining the Company. However, Charter continues to lag behind its peers on a number of metrics including overall service level. We remain concerned about Joe's living situation given the fact that he resides in Chicago, away from Company headquarters.

4.2 Biographies
The table below contains the biographies of the management team.

Management Team

Name / Position	Biography
Neil Smit *President & CEO, Director* Age: 50 Years with Charter: 3	Neil Smit was elected a director and President and Chief Executive Officer of Charter in August 2005. He had previously worked at Time Warner, Inc. since 2000, most recently serving as the President of Time Warner's America Online Access Business. He also served at America Online ("AOL") as Executive Vice President, Member Development, Chief Operating Officer of AOL Local and Chief Operating Officer of MapQuest. Prior to that he was a Regional President with Nabisco and was with Pillsbury in a number of management positions. Mr. Smit has a B.S. degree from Duke University and a M.A. degree with a focus in international business from Tufts University's Fletcher School of Law and Diplomacy.
Michael J. Lovett *Executive Vice President, COO* Age: 47 Years with Charter: 5	Mr. Lovett was promoted to his current position in April 2005. Prior to that he served as Executive Vice President, Operations and Customer Care from September 2004 through March 2005, and as Senior Vice President, Midwest Division Operations and as Senior Vice President of Operations Support, since joining Charter in August 2003 until September 2004. Mr. Lovett was Chief Operating Officer of Voyant Technologies, Inc., a voice conferencing hardware/software solutions provider, from December 2001 to August 2003. From November 2000 to December 2001, he was Executive Vice President of Operations for OneSecure, Inc., a startup company delivering management/monitoring of firewalls and virtual private networks. Prior to that, Mr. Lovett was Regional Vice President at AT&T from June 1999 to November 2000 where he was responsible for operations. Mr. Lovett was Senior Vice President at Jones Intercable from October 1989 to June 1999 where he was responsible for operations in nine states.
Eloise Schmitz *Executive Vice President, CFO* Age: 43 Years with Charter: 10	Ms. Schmitz was promoted to her current position in July 2008. Ms. Schmitz has been employed in several management positions with Charter since July 1998, when she joined as Vice President, Finance & Acquisitions and Assistant Secretary. Prior to joining Charter, Ms. Schmitz served as Vice President, Group Manager, of the Franchise and Communications Group for Mercantile Bank, now US Bank, in St. Louis from 1992 to 1998. Ms. Schmitz received a bachelor's degree in Finance from Tulane University.
Marwan Fawaz *Executive Vice President, Chief Technology Officer* Age: 46 Years with Charter: 2	Mr. Fawaz joined Charter in his current position in August 2006. Prior to that, he served as Senior Vice President and Chief Technical Officer for Adelphia Communications Corporation ("Adelphia") from March 2003 until July 2006. Adelphia filed a petition under Chapter 11 of the Bankruptcy Code in June 2002. From May 2002 to March 2003, he served as Investment Specialist/Technology Analyst for Vulcan, Inc. Mr. Fawaz served as Regional Vice President of Operations for the Northwest Region for Charter from July 2001 to March 2002.

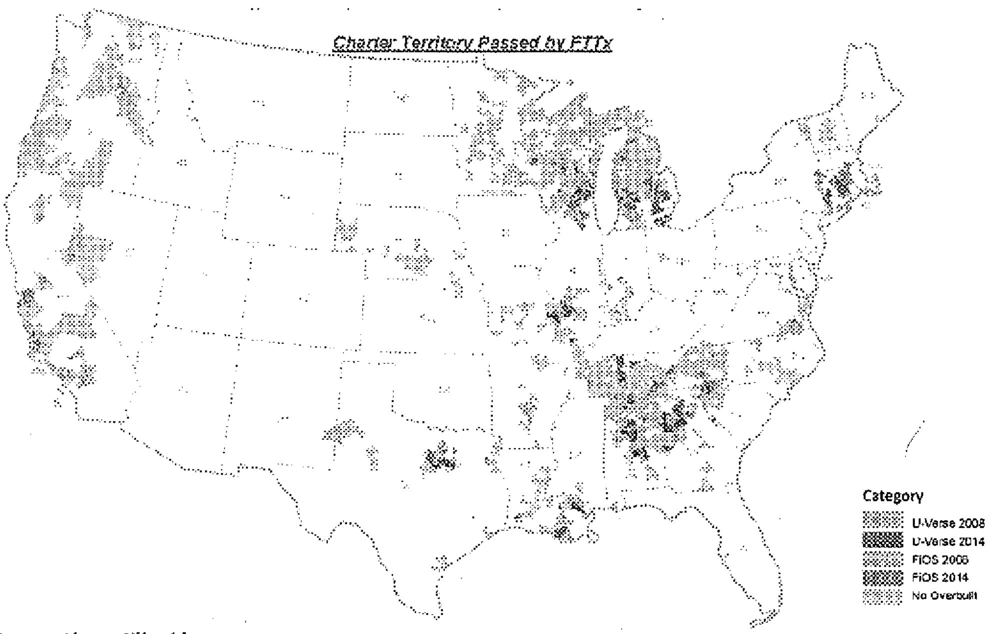
	From July 2000 to December 2000, he served as Chief Technology Officer for Infinity Broadband. He served as Vice President - Engineering and Operations at MediaOne, Inc. from January 1996 to June 2000. Mr. Fawaz received a B.S. degree in electrical engineering and a M.S. in electrical/communication-engineering from California State University -Long Beach.
Ted W. Schremp *Executive Vice President, Chief Marketing Officer* Age: 37 Years with Charter: 3	Mr. Schremp was promoted to his current position in July 2008. Prior to that, he served as Senior Vice President, Product Management and Strategy from February 2008 to June 2008 and Senior Vice President and General Manager of Charter Telephone from October 2005 to February 2008. Mr. Schremp joined Charter as Vice President of IP Product Management in May 2005. He served as Segment Manager for Hewlett-Packard from February 2001 to May 2005, where he co-founded its Cable, Media and Entertainment division. Mr. Schremp graduated from the University of Pittsburgh with a double-major in economics and business and earned an M.B.A. from Penn State University.
Joseph R. Stackhouse *Senior Vice President of Customer Operations* Age: n/a Years with Charter: 2	Mr. Stackhouse joined Charter in his current position in January 2007. Mr. Stackhouse brings to Charter over 20 years of experience in the telecom industry, with a solid record of improving both service quality and operating performance through customer focused strategies and disciplined execution. Most recently, he served as Senior Vice President for Comcast Corporation's Chicago Region. Prior to that role, Mr. Stackhouse was Senior Vice President, Denver Region, for AT&T Broadband. He began his career with Telecommunications, Inc., and served in various operational roles. Mr. Stackhouse received his B.S. degree from Colorado State University. He has served on various boards, including Chicagoland Chamber of Commerce, Women in Cable Foundation, Illinois Cable Television Association, Colorado Cable Television Association, and Comcast Sportsnet. He is a member of CTAM, WICT, NAMIC and SCTE.

5. Industry Trends

5.1 Telco Competition

We believe that the most significant risk to this potential investment is the emerging competition from telecommunication companies ("Telcos"), which are rolling out video services through either fiber-to-the-premise (FTTx) technology like Verizon's FiOS or Internet Protocol Television ("IPVT") like AT&T's U-Verse. The emergence of Telco competition has negatively impacted cable operators including Charter. The RBOCs have currently overbuilt 18% of Charter's footprint, 4% by FiOS and 14% by U-Verse. According to Altman Vilandrie, a consulting firm with deep knowledge of Telco roll-out plans, the 18% fiber overbuild is expected to increase to 43% by 2014, which is more conservative than Management's assumption of 42% by 2012.

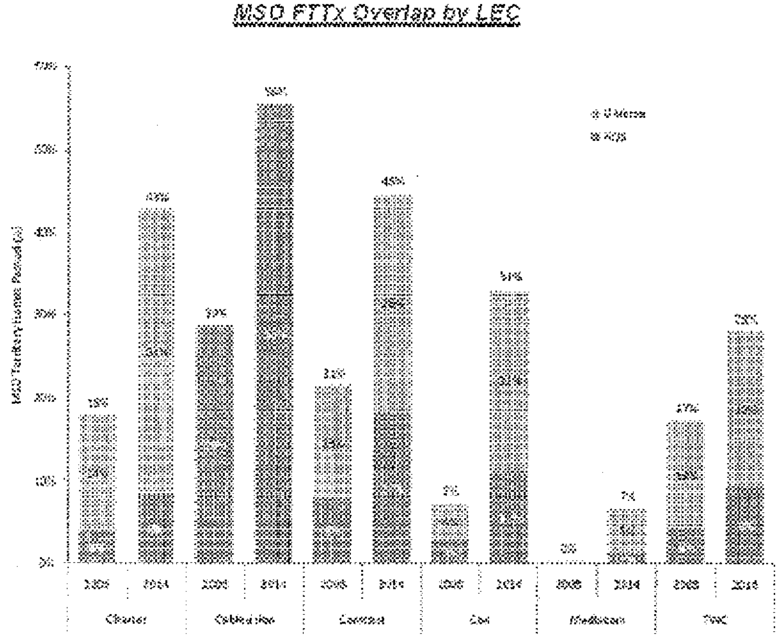
The map below illustrates the current and 2014-projected fiber deployment in Charter's territory.



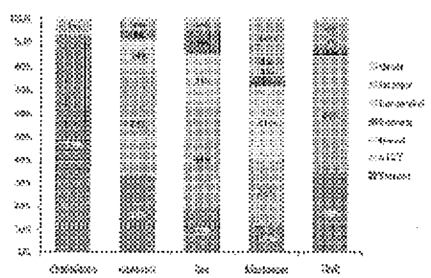
Source Altman Vilandric

Charter's current RBOC overbuild percentage of 18% is much lower than the industry average reflecting Charter's secondary and tertiary market concentration. However, as seen below, this gap is expected to close by 2014.

MSO FTTx Overlap by LEC



MSO HH Overlap by Serving LEC



Source Altman Vilandrie

The positive for Charter is that only 8% of the 43% Telco fiber deployment is expected to come from FiOS. The rest is expected to come from AT&T's U-Verse. U-Verse is a much inferior product than both cable and FiOS, as it relies on a fiber-to-the-node and old copper plant to the home delivery strategy. This results in much poorer picture quality and, in many cases, limits consumers to one HD box per home if video is bundled with an HSI product due to access network capacity constraints. Altman Vilandrie predicts U-Verse to be approximately 40% less effective than FiOS in capturing market share. As such, it is not surprising to see Charter compete much more effectively against U-Verse, as shown in the table below.

	[illegible]			[illegible]		
	2007	2008	% Δ	2007	2008	% Δ
Total Customers	621k	592k	(4.7%)	100k	94k	(5.9%)
Total RGUs	1,374k	1,403k	2.2%	222k	212k	(4.3%)
Avg. Inventory Price (2)	$77.54	$83.96	8.3%	$78.70	$82.82	5.2%
Recurring Revenue	$584mm	$612mm	4.8%	$101mm	$98mm	(2.7%)
Avg. Basic Video Share Gain (Loss) (3)(4)		(1.4 pts)			(4.2 pts)	
Avg. HSI Share Gain (Loss) (3)		0.5 pts			(1.1 pts)	
Avg. Phone Share Gain (Loss) (3)		11. pts			1.5 pts	

(1) Areas with active RBOC competitive overbuilder as of November 3, 2008; data through December 21 of respective year

(2) Does not include taxes & fees, transactional revenue or other non-recurring revenue

(3) Representative sample of FiOS systems in CA, MA and TX; and U-Verse systems in CA, CT, IL, MI, MO, TX and WI. Share define customers/total HPs

(4) In 6 months post-launch

Source: Management presentation

The table shows how Charter has fared against both U-Verse and FiOS in 6 months post-launch. Against AT&T, Charter was able to grow RGUs by 2.2% vs. a decline of 4.3% against FiOS.

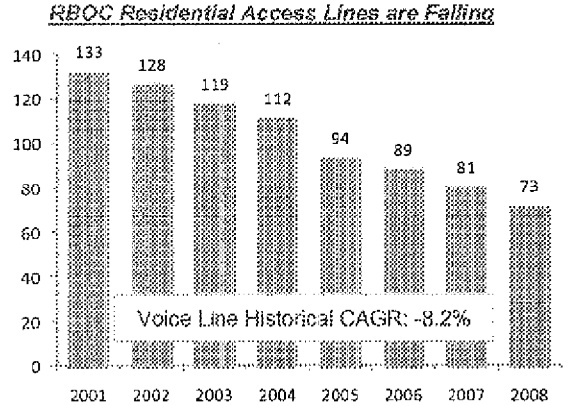
If there is any silver lining in the slowdown of new and existing home sales for cable companies, it is that a lower housing velocity reduces video churn by trimming the number of occasions that households have to reconsider their Pay TV provider choice. This dynamic favors the incumbent provider, which is usually cable.

5.2 Wireless Substitution (Cord Cutting)

Wireless substitution or "cord cutting" has become a key trend as wireless phone service becomes more readily available and affordable. Cord cutting refers to the act of cancelling landline service in favor of just a wireless service.

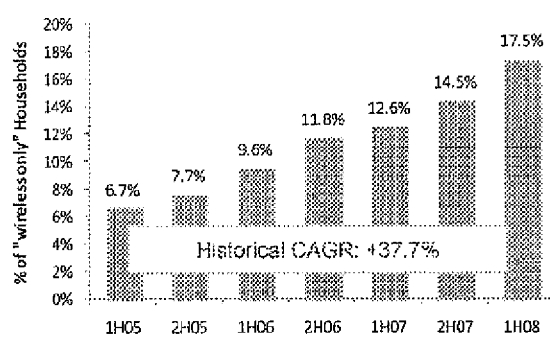
While wireless substitution was well underway before the recession, it has accelerated over the recent quarters as consumers continue to cut spending and "right size" their bills in the economic recession. The charts below show the decrease in RBOC access lines from 2001 to 2008 and the corresponding increase in cord cutting from 2005 to 2008 (defined as a % of wireless only households).

RBOC Residential Access Lines are Falling



Source: FCC, Kagan, AV&Co. Database

Phone "Cord Cutting"



Most recent estimates indicate that 18% of landlines have been lost to wireless substitution. The Company projects cord cutting to reach 30% by 2013, which is slightly more pessimistic than industry and Altman Vilandrie's estimates of 30% by 2014. We believe that there is significant value of having both a cable phone and a wireless phone, as the all-you-can-eat cable phone packages are significantly cheaper than wireless and can allow customers to downgrade their wireless service plans. Landlines are also important to households for security in power loss and emergency situations. Additionally, wireless reception can still be spotty in certain geographic areas.

5.3 Television over the Internet

A recent trend that has emerged is free television viewing over the Internet. With the advent of YouTube, AppleTV and Hulu (joint venture between NBC and Fox), users can watch popular TV shows for free over the Internet. The most recent Nielsen survey shows explosive growth of Internet users watching video over the Internet; approximately 76% of Internet users watch video content over the Web today.

While recent media coverage suggests the possible emergence of "video cord cutting," this remains more myth than reality (please see the Wall Street Journal article titled "Turn On, Tune Out, Click Here" in Exhibit F). The number of people watching all of their programs online is small; some estimates put the number at just 1% of the total television audience. Additionally, television over the Internet is not a direct substitute to regular video services. Internet users cannot watch most live sporting events, for example, over the Internet. There also promises to be a battle in the next round of programming and retransmission consent negotiations, as cable companies will not continue to pay significant video rate increases if programmers make their content available online for free.

6. Crestview Fund I Investment Summary

Crestview currently holds $138 million face of the CCH I Notes. In July 2006, we made our initial investment in the Notes, purchasing $100 million face at an average purchase price of 86.7. Over the span of a few months in 2008, we purchased an incremental $38 million of CCH I Notes at an average purchase price of 66.6. The blended purchase price for the entire investment is 82.1 including fees. Through the expiration of our Deutsche Bank loan in June, we will have received $19.5 million in net interest payments lowering our cost basis to 68.5. We have invested a total of $75.0 million in equity ($55.5 million net of interest payments received) and currently have a $40 million outstanding term loan (L +150bps) with Deutsche Bank.

The table below summarizes Crestview's current investment in the CCH I Notes.

Investment Cost Basis ($ in millions)	
Investment Summary	
Face value of notes purchased	$138.0
Purchase price (excludes accrued interest paid on purchase)	$112.0
Blended average note purchase price (w/o fees)	81.1
Add: Transaction fees	1.0
Blended average note purchase price (w/ fees)	82.1
Less: Net interest received	(13.7)
Net basis of note position	68.5
Total equity invested	$75.0
Term loan from Deutsche Bank	$40.0
Total equity invested	$115.0
Less: Net interest received	($19.5)
Total equity invested net of interest received	$95.5

7. Proposed Restructuring Plan

As previously mentioned, the Committee reached agreement with the Company and Paul Allen on a preliminary pre-arranged restructuring deal. The Committee members through a combination of rolling $1.2 billion of existing CCH II bonds[2] into new 13.5% senior notes due 2016 ("New Notes"), buying $267 million of New Notes and investing $1.63 billion in an equity rights offering would refinance/cash out the existing CCH II bonds, provide the Company with ample liquidity and ensure that the CCH I bonds are the fulcrum security and convert into the equity of the Company. In addition to the proposed rights offering, the Backstop Members would have the opportunity to invest an additional $400 million of equity as part of the overallotment option.

[2] Rollover will also include proportionate interest accrued over restructuring process in the amount of approximately $145 million. As such, the total CCH II bonds rolled into New Notes will be $1.35 billion

Listed below are the key terms of the proposed restructuring plan:

- Company is reorganized at 6.2x 2009e EBITDA
- Senior secured debt at CCO and CCOH subsidiaries is reinstated
- CCH II bondholders in the Committee roll their $1.2 billion of CCH II bonds into New Notes
- The remaining CCH II 2010 and 2013 notes are repurchased through a combination of $267 million of New Notes and the $1.63 billion equity rights offering
- All debt junior to CCH I bonds is completely impaired
- Pre-rights offering equity value is allocated amongst CCH I and Vulcan (Paul Allen)
- Paul Allen receives $150 million cash for his 30% equity interest in CCVIII. He also receives 3% equity, 4% warrants struck at the deal price and $85 million of New Notes for enabling the bank debt reinstatement
- Committee members participate in a $1.63 billion equity rights offering
    - Equity issued at a 25% discount to plan valuation with pro rata participation rights based on CCH I ownership (6.1x 2009e EBITDA)
    - Committee members have the right to sell the detached rights to parties outside the group. However, equity backstop parties within the Committee are granted a right of first refusal
    - Backstop Members (Apollo, Oaktree, and Crestview) will receive a 3% commitment fee and will have the right to participate in a $400 million equity overallotment option
- All debt junior to the CCH I bonds receive 6.0% (pre-rights offering) warrants that are significantly out-of-the-money
- Management receives 3.0% in options

The table below provides the sources and uses of the proposed restructuring plan and breaks out Crestview's participation in the rights offering.

Sources & Uses

Sources	$mm	%	Uses	$mm	%
Rights Offering			Repurchase of CCH II notes	$1,407	43%
Crestview pro rata	$56	3%	Rolled CCH II notes	1,349	42%
Crestview backstop	$169	10%	Additional cash on balance sheet	488	15%
Other participants	1,404	86%			
Proceeds from rights offering	$1,629	100%			
CCH II new 13.5% notes	$267				
Rolled CCH II notes	1,349				
Total sources	$3,244		Total uses	$3,244	100%

The table below shows the capital structure of Charter pre and post-restructuring at 9/30/2009, the assumed date of emergence from bankruptcy.

Pro Forma Capital Structure

$ in millions

	[illegible]			
	Status Quo		Post-Offering	
Issue	Amount	Cum. 2009e EBITDA Multiple [1]	Amount	Cum. 2009e EBITDA Multiple [1]
Charter Operating (CCO)	$10,622	4.3x	$10,622	4.3x
CCO Holdings	1,150	4.8x	1,150	4.8x
CCH II				
10.25% senior notes due 9/15/2010	$1,860		0	
10.25% senior notes due 10/1/2013	594		0	
Accrued interest	297		0	
New 13.5% senior notes due 2016	0		1,701	
Total CCH II	$2,751	5.9x	$1,701	5.5x
CCH I	$3,987	7.5x	0	5.5x
CIH	$2,534	8.6x	0	5.5x
CCH	441	8.7x	0	5.5x
CCHC	72	8.8x	0	5.5x
CCI	482	9.0x	0	5.5x
Total Debt	**$22,039**	**9.0x**	**$13,472**	**5.5x**
Total cash			$446	
Operating cash			(100)	
Excess cash			$346	(0.1x)
Net debt [1]		9.0x [2]	$13,126	5.3x
Less: Vulcan debt tip (4)			$0	
Less: Value of warrants			62	
Less: Value of CCI PIK preferred			72	
Plus: Cash collateralized L/C facility			(150)	
Less: Fees (paid in 4Q09)			82	
Less: Post-emergence restrucing exp.			102	
Plus: Adjustments [3]			(180)	
Pre-money equity			$602	
Rights offering equity			1,629	
Less: Reduction in equity value			(82) [4]	
Equity value			**$2,149**	**6.2x**
Enterprise value			**$15,263**	**6.2x**
2009e EBITDA [5]	$2,457		$2,457	

(1) In accordance with our Advisors, net debt leverage ratios based on excess cash

(2) Pro forma for cash outflow items that are incurred post rights-offering including $450 million swap payment, $150 million cash collaterization of L/Cs and other adjustments (timing of interest payments of $82.1 million and contingency amount of $30.0 million)

(3) Add-back adjustments include $30 million of contingency payments, $82 million of accelerated accrued interest, $56 million of utility and vendor deposits and $12 million of working capital adjustment

(4) Reduction in equity value attributable to $82 million of fees paid in 4Q09

(5) Based on Management Case

As can be seen in the table above, the new plan would reduce the Company's net leverage from 9.0x 2009e EBITDA to 5.3x and leave the Company with approximately $450 million of cash on its balance sheet to run the business. As part of the restructuring, the CCH I Notes would be converted to equity and all debt junior to the CCH I Notes would be largely impaired (except for significantly out-of-the-money warrants). If the rights are fully subscribed and the $400 million overallotment is exercised, then the cash would increase to approximately $850 million at closing.

The proposed restructuring plan would cash out the CCH II bondholders outside of the Committee for par plus accrued interest through the issuance of $267 million of New Notes and the $1.63 billion rights offering supported by the Committee. The CCH II bondholders inside the Committee would agree to roll their existing $1.2 billion of CCH II Notes[3] into New Notes.

[3] Rollover will also include proportionate interest accrued over restructuring process in the amount of approximately $145 million. As such, the total CCH II bonds rolled into New Notes will be $1.35 billion

Crestview has the opportunity to invest up to $56 million in the proposed $1.63 billion equity rights offering, which is pro rata for our 3.5%[4] ownership stake in the CCH I Notes. Additionally, the Backstop Members will have the ability to invest an additional $400 million as part of the overallotment option. Assuming the rights offering is fully subscribed, Crestview's 20.7% share of the $400 million overallotment would allow us to invest an additional $83 million. There could also be an opportunity for Backstop Members to invest even more through their right of first refusal on all Committee member sales of the detachable rights.

The rights offering would be priced at a 25% discount to the plan valuation, or 6.1x 2009e EBITDA. Through our pro rata share investment of $56 million, the backstop investment of $169 million and our $138 million of face CCH I Note holdings, Crestview would own a total equity ownership stake in the reorganized Company of 11.5%. These ownership percentages are based on the full backstop commitment and would decrease to 8.4% if there was full participation in the rights offering and Crestview's investment was reduced to the $139 million minimum.

Crestview Investment Proposal Summary

	Equity Invested	% Post-Rights Ownership	2009e Multiples (4) EBITDA	2009e Multiples (4) EBITDA - Capex
Fund I				
CCH I note investment	$95.5 (1)	0.6%		
Pro rata share of rights offering	$56.4 (2)	2.7%	6.1x	13.2x
Total	**$151.9**	**3.4%**		
Fund II				
Backstop for rights offering	$168.6 (3)	8.1%	6.1x	13.2x
Total Fund I & Fund II	**$320.5**	**11.5%**		

(1) Investment represents $138 million of face value in CCH I notes (net of interest distributions)
(2) Based on 3.5% ownership of CCH I notes outstanding and $1,629 million rights offering size
(3) Based on Crestview commitment of $225 million
(4) Based on Management Case EBITDA and capex estimates of $2,457 million and $1,173 million, respectively

Apollo, Oaktree, Franklin, MFC Global and Western Asset Management have submitted non-binding commitments for the rights offering along with Crestview. The table below summarizes the pro forma equity ownership of the Company based on these commitments.

Pro Forma Equity Ownership Table

	CCH I Bonds Held	% Held	Equity Invested: Pro Rata	Equity Invested: Backstop	Equity Invested: Total	Equity Invested: %	% Ownership	% Voting Control
Apollo	$478	12.0%	$195	$560	$755	46.4%	38.6%	25.1%
Franklin	925	23.2%	266	0	266	16.3%	17.1%	11.1%
Oaktree	577	14.5%	236	87	323	19.8%	18.2%	11.8%
Crestview (1)	**138**	**3.5%**	**56**	**169**	**225**	**13.8%**	**11.5%**	**7.5%**
Other CCH I holders	1,869	46.9%	60	0	60	3.7%	11.7%	7.6%
Paul Allen							3.0%	35.0%
Total	**$3,987**	**100.0%**	**$813**	**$816**	**$1,629**	**100.0%**	**100.0%**	**100.0%**

(1) Assumes that Crestview invests the $56 million pro rata from Fund I and $169 million of the overallotment from Fund II

Crestview has a very good relationship with the senior leadership of both Apollo and Oaktree and the firms also recognize the value that Jeff Marcus brings to this transaction. Together with Apollo and Oaktree, we would control approximately 68% of Charter's equity post-restructuring and have approximately 44% voting control. However, given the change of control provisions in the Company's bank agreements, we would not be able to enter into a shareholders agreement.

[4] There are $3,987 million of CCH I notes outstanding, of which Crestview owns $138 million

8. Financials

8.1 Historical Financial Performance

Since Neil Smit joined as CEO of Charter in 2005, the Company has narrowed the performance gap between itself and its cable industry peers. Over the past two years, the Company has demonstrated a disciplined and economic approach to operations, marketing and capital investing that has led to impressive financial results. Charter has experienced double-digit EBITDA growth for the past nine quarters and continues to penetrate higher margin products and services. In addition, the Company has reduced its capital expenditures as plant upgrades and advanced services roll-outs are mostly behind them.

The table below is a summary of Charter's historical performance.

Historical Performance

FYE Dec 31	2006	2007	2008	'06-'08 CAGR
Financial Metrics				
Revenues	$5,383	$5,959	$6,467	9.6%
% growth	*10.2%*	*10.7%*	*8.5%*	
Adjusted EBITDA	$1,879	$2,098	$2,315	11.0%
% growth	*5.3%*	*11.7%*	*10.3%*	
% margins	*34.9%*	*35.2%*	*35.8%*	
Capex	$1,086	$1,244	$1,202	5.2%
% revenues	*20.2%*	*20.9%*	*18.6%*	
UFCF	$793	$854	$1,113	18.5%
Operating Metrics				
Homes Passed ('000)	11,436	11,706	11,918	2.1%
% growth		*2.4%*	*1.8%*	
RGUs ('000)	10,945	11,752	12,403	6.5%
% growth	*6.9%*	*7.4%*	*5.5%*	
% Bundled	40.0%	47.0%	53.0%	
% Triple Play	6.0%	14.0%	20.0%	
ARPU	$83.32	$93.91	$104.82	12.2%
% growth	*11.8%*	*12.7%*	*11.6%*	
Penetration:				
Analog ('000)	5,335	5,203	5,048	(2.7%)
% of HP	47%	44%	42%	
Digital ('000)	2,770	2,913	3,133	6.4%
% of Analog	52%	56%	62%	
HSI ('000)	2,393	2,677	2,875	9.6%
% of HP	21%	23%	24%	
Telephone ('000)	446	959	1,349	73.8%
% of HP	4%	8%	11%	

As can be seen in the table above the Company has experienced impressive growth over the past two years driven by increased penetration of video advanced services, HSI and telephony. RGUs have grown at a 6.5% CAGR over the last two years and triple play penetration has increased from 6% to 20%. EBITDA margins have improved from 34.9% in 2006 to 35.8% as the Company has streamlined its operations and realized the benefits of scale.

8.2 2009 Budget

Management expects growth to decelerate in 2009 amidst a challenging economic environment and increased Telco competition in select markets. The majority of the top-line growth is expected to come from increased demand for advanced video services such as HD and DVR, and HSI and telephone RGU growth, as the Company markets the value of the bundle to the consumer. RGU net additions are expected to be 463,000, and ARPU is expected to increase from $104.82 to $115.74. A comparison of the 2009 budget and 2008 performance is shown below:

2008 vs. 2009 Budget Comparison				
$ in millions				
	2008	2009B	% Change	
RGU Net Adds	651,000	463,000	(28.9%)	
Blended ARPU	$104.82	$115.74	10.4%	
Revenue				2009 Growth Contribution
Video	$3,455	$3,572	3.4%	25.9%
HSI	1,353	1,461	8.0%	23.9%
Telephone	555	743	33.9%	41.6%
Commercial	391	456	16.6%	14.4%
Advertising	308	268	(13.0%)	(8.8%)
Other	405	419	3.5%	3.1%
Total Revenue	**$6,467**	**$6,919**	**7.0%**	**100.0%**
EBITDA	**$2,315**	**$2,457**	**6.1%**	
% Margin	35.8%	35.5%	(0.3) pts	
Capex	1,202	1,173	**(2.4%)**	
Unlevered FCF	**1,113**	**1,284**	**15.4%**	
% Margin	17.2%	18.6%	1.3 pts	

KEY DRIVERS

- **Video** – Digital rate up 4% and customers up 5% providing 58% of total video revenue growth
  - o VOD, HD/DVR service revenue growth equals 43% of total video revenue growth
- **HSI** – 6% increase in HSI customers
  - o Home networking equates to 16% of HSI revenue growth
- **Phone** – 20% increase in residential telephone customers
  - o Telephone penetration increases from 11% to 13% of telephone homes passed
- **Business** – CB phone revenues increase from 5% of total CB revenue in 2008 to 9% in 2009
  - o 17% growth in data revenue
- **Margin** – Efficiencies in existing platform and upsell of bundle and premium services offsetting programming and retransmission cost increases
- **Capex** – Capital declines as a % of revenue due to lower box cost and RGU net adds

The key drivers of growth include increased digital video penetration of basic subscribers and continued growth of the HSI and telephone products. This growth is offset by the expected decline of very high margin advertising sales, which management expects to decrease YOY by 13% driven by a drop off in political advertising (8% of ad revenue in 2008) and the weakening economy (auto and retail accounted for 36% of ad sales in 2008). We believe that management's 2009 budget for advertising revenue is still overly optimistic. Other areas of potential risk include the assumed digital penetration of basic subscribers and video and telephony ARPU. However, we believe that the Company has been very conservative with its expense assumptions. (This is discussed in greater detail in the *Key Investment Considerations* section.) We believe that it might be difficult for the Company to achieve its 2009 revenue budget, but it should make up for the weakness with lower than budgeted expenses. The Company is tracking ahead of its EBITDA budget through February of 2009 and the management team under Neil Smit's leadership has a history of making its numbers.

The table below compares Charter's performance in 2007 and 2008 to budget.

FYE Dec 31,		2007B	2007A	Δ ($)	Δ (%)	2008B	2008A	Δ ($)	Δ (%)
[illegible]	**Revenue**	$5,987	$5,959	($28)	(0.5%)	$6,564	$6,467	($97)	(1.5%)
	% growth		*10.9%*				*8.5%*		
	Adj. EBITDA	$2,080	$2,098	$18	0.9%	$2,309	$2,315	$5	0.2%
	% margins	*34.7%*	*35.2%*			*35.2%*	*35.8%*		
	% growth		*11.9%*				*10.3%*		
	Capex	$1,156	$1,244	$88	(7.6%)	$1,181	$1,202	$21	(1.8%)
	% revenue	*19.3%*	*20.9%*			*18.0%*	*18.6%*		
[illegible]	**ARPU**	$96.57	$93.91	($2.66)	(2.8%)	$104.10	$104.82	$0.72	0.7%
	% growth		*12.7%*				*11.6%*		
	RGUs ('000)	11,850	11,752	(98)	(0.8%)	12,335	12,403	68	0.6%
	% growth		*7.4%*				*5.5%*		

Source: Management presentations

Although the Company missed its revenue budget by 0.5% and 1.5% in 2007 and 2008, respectively, it beat its EBITDA budget by 0.9% and 0.2% for the same years. In addition, the Company's increased focus on higher margin services and cost-cutting initiatives has resulted in margin outperformance by 50bps and 60bps in 2007 and 2008, respectively.

The Company's strong performance gives us additional comfort that the 2009 budget is achievable. As can be seen in the table below, in Q4 2008, the Company reported EBITDA of $619 million (10.1% YOY growth) for total annual EBITDA of $2,315 million (10.3% YOY growth).

The table below compares the Q4 annualized results with the 2009 budget.

FYE Dec 31,		4Q08	4Q08 LQA	2009E	Δ ($)
	Revenue	$1,653	$6,613	$6,919	$306
	% growth	*7.0%*	*7.0%*	*7.0%*	
FINANCIALS	**Adj. EBITDA**	$619	$2,475	$2,457	($18)
	% margins	*37.4%*	*37.4%*	*35.5%*	
	% growth	*10.1%*	*10.1%*	*6.1%*	
	Capex	264	$1,056	$1,173	$117
	% revenue	*16.0%*	*16.0%*	*17.0%*	

Source: Management estimates

Management's budget for 2009 calls for revenue of $6,919 million and EBITDA of $2,457 million, which represent YOY growth of 7.0% and 6.1%, respectively. By comparison, LQA EBITDA is $2,475 million, or 0.7% higher than the 2009 budget. Although Q4 is generally the strongest quarter for cable companies due to the seasonality of advertising sales and the unadjusted programming rates (rate increases take effect on January 1st), it provides a good check on the 2009 budget.

Management's disincentive to provide a very aggressive 2009 budget also gives us further comfort. The biggest risks we see in 2009 are the economy and the potential costs of a prolonged company bankruptcy. The Company has already seen intensified competition from the DBS providers with advertisements targeted at Charter's recent restructuring announcement. The Company intends to try to emerge from bankruptcy as quickly as possible to mitigate competitive risks.

8.3 Operating Cases / Key Assumptions

As part of our extensive due diligence, Crestview and Apollo jointly developed Base Case and Downside Case financial projections for 2009-2013. While we believe that management's projections are realistic in 2009 and beyond, we wanted to create cases that reflected a worsening economy and increased competition from Telcos. However, the Management Case should not be viewed as an "Upside Case." In fact, Altman Vilandrie, which has a reputation for being pessimistic of cable company financial projections (we witnessed this firsthand during the RCN process when they projected revenue growth of 3.1% vs. 7.4% in the Management Case), predicted a 2008-2013 revenue growth CAGR of 6.1% vs. the Management Case of 6.4%.

The table below is a summary comparison of the key drivers of the Management, Base and Downside cases.

Operating Case Summary

	FYE Dec 31 2008a	2009e	2010e	2011e	2012e	2013e	'08-'13 CAGR
Consolidated Operating Assumptions							
Homes passed for all cases	11,918	11,984	12,068	12,170	12,276	12,384	0.8%
Subscribers							
Basic penetration (% of homes passed)							
Management Case	42.3%	40.8%	39.7%	39.0%	38.5%	38.0%	
Base Case	42.3%	40.5%	39.2%	38.5%	37.7%	37.1%	
Downside Case	42.3%	39.4%	37.4%	37.1%	35.9%	34.1%	
HSI penetration (% of homes passed)							
Management Case	24.1%	25.4%	26.7%	28.1%	29.3%	30.5%	
Base Case	24.1%	25.4%	26.7%	28.1%	29.3%	30.5%	
Downside Case	24.1%	25.2%	26.3%	27.5%	28.5%	29.5%	
Residential telephony penetration (% of homes passed)							
Management Case	11.1%	13.4%	15.2%	16.9%	18.5%	20.1%	
Base Case	11.1%	13.1%	14.6%	16.0%	17.3%	18.7%	
Downside Case	11.1%	12.9%	14.2%	15.4%	16.5%	17.7%	
RGUs (excluding commercial)							
Management Case	12,380	12,823	13,278	13,742	14,179	14,627	3.4%
Base Case	12,380	12,616	12,976	13,365	13,719	14,132	2.7%
Downside Case	12,380	12,321	12,457	12,846	13,034	13,106	1.1%
ARPU							
Video ARPU							
Management Case	$56.20	$59.93	$63.27	$66.15	$68.57	$70.89	4.8%
Base Case	$56.20	$58.71	$61.31	$63.75	$65.74	$67.68	3.8%
Downside Case	$56.20	$58.25	$60.25	$62.63	$64.18	$65.49	3.1%
HSI ARPU							
Management Case	$40.64	$41.13	$41.41	$41.97	$42.35	$42.63	1.0%
Base Case	$40.64	$41.00	$40.68	$40.85	$40.81	$40.88	0.1%
Downside Case	$40.64	$40.80	$39.82	$38.65	$37.46	$36.78	(2.0%)
Telephony ARPU							
Management Case	$40.46	$42.30	$41.64	$41.22	$40.95	$40.82	0.2%
Base Case	$40.46	$41.95	$40.79	$40.07	$39.54	$39.15	(0.7%)
Downside Case	$40.46	$41.44	$39.21	$37.82	$36.48	$35.33	(2.7%)
Advertising Revenue ($mm)							
Management Case	$308	$267	$294	$299	$329	$336	1.8%
Base Case	$308	$246	$271	$280	$308	$319	0.7%
Downside Case	$308	$238	$262	$272	$299	$309	0.1%
Consolidated Financials							
Revenue							
Management Case	$6,467	$6,919	$7,362	$7,830	$8,331	$8,808	6.4%
Base Case	$6,467	$6,795	$7,122	$7,511	$7,924	$8,327	5.2%
Downside Case	$6,467	$6,686	$6,828	$7,100	$7,384	$7,584	3.2%
Programming expenses per basic subscriber							
Management Case	$326	$371	$400	$426	$452	$479	8.0%
Base Case	$326	$370	$400	$429	$460	$496	8.8%
Downside Case	$326	$375	$402	$423	$457	$497	8.8%
EBITDA							
Management Case	$2,315	$2,457	$2,646	$2,856	$3,074	$3,270	7.2%
% margin	*35.8%*	*35.5%*	*35.9%*	*36.5%*	*36.9%*	*37.1%*	
Base Case	$2,315	$2,410	$2,547	$2,715	$2,890	$3,026	5.5%
% margin	*35.8%*	*35.5%*	*35.8%*	*36.1%*	*36.5%*	*36.3%*	
Downside Case	$2,315	$2,357	$2,392	$2,491	$2,581	$2,611	2.4%
% margin	*35.8%*	*35.2%*	*35.0%*	*35.1%*	*35.0%*	*34.4%*	
Capex							
Capex - Maintenance							
Management Case	$527	$466	$499	$507	$437	$406	(5.1%)
Base Case	$527	$519	$520	$536	$468	$434	(3.8%)
Downside Case	$527	$580	$575	$556	$517	$517	(0.4%)
Capex - Total							
Management Case	$1,202	$1,173	$1,180	$1,192	$1,115	$1,101	(1.7%)
Base Case	$1,202	$1,173	$1,180	$1,192	$1,115	$1,101	(1.7%)
Downside Case	$1,202	$1,173	$1,180	$1,192	$1,115	$1,101	(1.7%)

Crestview

Penetration Levels

Video

Management assumed that basic video penetration would decrease from 42.3% in 2008 to 38.0% in 2013, as Telco overbuild increases from 18% of its territories today to 42% by 2012. We believe that this is a fairly conservative assumption and that the Telco roll-out will take longer than expected. Therefore, we only made minor adjustments to the Base and Downside cases. We assumed video penetration rates of 37.1% and 34.1% in 2013 for the Base and Downside cases, respectively.

HSI

HSI is the Company's best product and is currently underpenetrated compared to the industry – 24% (% of homes passed) in 2008 vs. the industry average of 35%. The Company is also in the process of introducing DOCSIS 3.0, which will improve internet speeds dramatically and should have a pull-through impact of increased HSI penetrations. Management projects penetration to increase from 24% in 2008 to 31% in 2013 which will still be ~6% below its projected peer average of 37%. We believe that these estimates are conservative and have not made any adjustments to the Management Case.

Telephony

Residential phone remains fairly underpenetrated compared to the Company's cable industry average (11% vs. 19%). In developing its projections, Management assumed that cord cutting would increase from the current level of 18% to 30% by 2013 and that the Company would capture approximately 30% of the market share for a total penetration of 20.1% by 2013. We adjusted the Management Case downward to 18.7% and 17.7% for the Base Case and Downside Case, respectively, for 2013 to reflect higher cord cutting assumptions.

ARPU

Video

In the Base Case and Downside Case, we assumed lower video ARPU than Management due to increased competition, lower digital penetrations rates and lower demand for premium channels and services like HBO, DVR and VOD during the recession. Increased competition, which leads to more promotional offers, is one of the primary reasons for our conservative approach. We factor in a severe 2009 recession with more discounts on new adds and increased churn. While management projects video ARPU to grow by 4.3% from 2009 to 2013 through ~3% rate increases and higher penetration of digital and advanced services, we assumed 3.6% and 3.0% CAGRs for the Base Case and Downside Case, respectively, from 2009 to 2013.

HSI

As higher speeds become more standard, we believe that data prices will stabilize or slightly decline over time. Although higher speeds and Home Networking will drive up blended rates, more bundled subscriber additions will reduce the base of standalone broadband subs and offset the increase in prices. For this reason, we tend to be more cautious on rate increases than management. While management projects ARPU to increase from $40.64 in 2008 to $42.63 in 2013, we expect flat to declining rates at $40.88 and $36.78 in the Base Case and Downside Case, respectively.

Telephony

We expect increasing competition, bundling and "cord cutting" to drive telephone ARPU down over time. It will be challenging to increase rates in a recessionary economy with intense competition from Telco triple play offerings. While management expects ARPU to stay relatively flat over time at $40.82 by 2013, we expect residential ARPUs to decline to $39.15 and $35.33 in the Base Case and Downside Case, respectively. However, Management also conservatively projected phone margins to stay flat over the course of the projection period. The Company should realize scaling benefits of the network as it adds more subscribers.

Advertising Revenue

Given that advertising is highly correlated with the economy, we believe that ad sales will be significantly impacted in 2009. Management is projecting a YOY decline of 13%. We believe that this assumption is too optimistic given that 8% of revenue came from political advertising in 2008 and that auto and retail contributed a total of 36% of ad revenue in 2008. In light of these factors, we project 2009 ad revenue to decrease by 20% and 23% in the Base Case and Downside Case, respectively. We do not expect advertising revenue to return to 2008 levels until 2012 and 2013 for the Base Case and Downside Case, respectively. Advertising revenue has very high gross margins of approximately 80%. Therefore, declines in advertising revenue significantly impact

EBITDA. One factor offsetting the recessionary economy is that cable advertising continues to steal market share away from traditional video advertising revenue given its strong local focus.

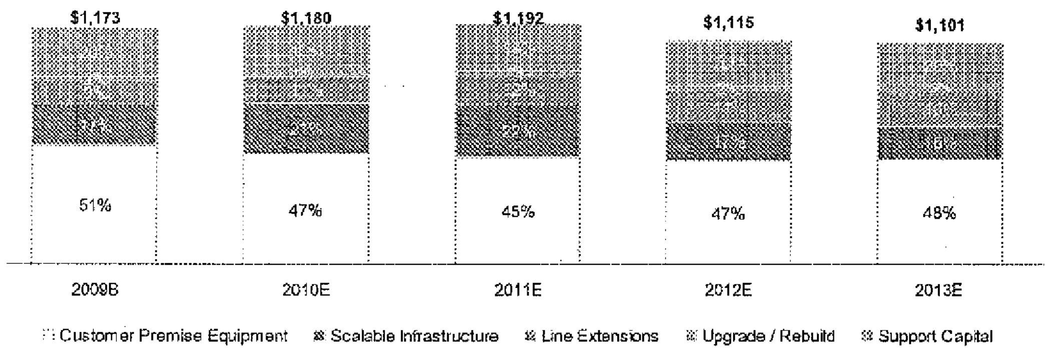
Expenses

Programming

Industry-wide programming rates per basic subscriber have historically grown at ~5-6% annually and are expected to increase over the foreseeable future. We are generally in agreement with management on programming expenses. However, we anticipate higher expenses in the outer years as a few of the Company's larger programming contracts (Disney/ESPN, Turner, Sinclair) expire in 2011, 2012 and 2013. As a result, our projections for the Base Case and Downside Case are relatively more cautious at 8.8% 2008-2013e CAGR (vs. 8.0% for the Management Case).

Capital Expenditures

The table below shows the breakout of capital expenditure projections for the Management Case.



	2009B	2010E	2011E	2012E	2013E
Capex / HP	$98	$96	$98	$91	$89
(CPE and Install) / RGU Connect	$113	$104	$100	$95	$95

We believe that management's projections are fairly reasonable in all categories except for Upgrade/Rebuild and Support Capital. Operating consultant, Herb Hribar, estimates that the Company will need to spend an additional $50 million per year to catch up to its peers. However, approximately 75% of the Company's capital expenditures are success-based. Therefore, in the Base Case and Downside Cases, success-based capital expenditures should come down substantially due to lower RGU growth, which lowers customer premise equipment ("CPE") costs (~50% of total capital expenditures), capitalized installs and line extensions. In our Base Case, slower growth decreased success-based capital expenditures by a total of approximately $160 million from 2009 to 2013, which we just shifted to maintenance capital expenditures to account for Herb's suggestion. For the Downside Case, we assumed that the Company would spend the same amount of total annual capex with lower success-based capex offset by increased maintenance capex.

Management projects capex (as a % of revenue) in 2010 to be 16.0% as compared to 15.1% and 17.6% for Comcast and Time Warner, respectively.

8.3.1 Management Case

Management constructed its projections using a bottoms-up KMA level budget for 2009 and then applying top-down assumptions at a consolidated level for 2010-2013. The table below provides a summary of the Management Case financials based on the pro forma capital structure.

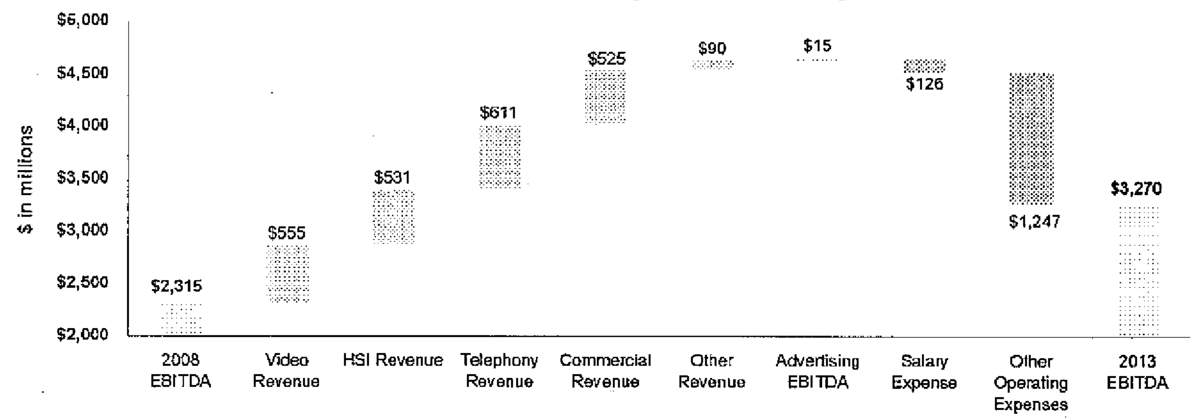
Management Case - Financial Summary

	FYE		3 Mo. Ended	FYE				'08-'13
	12/31/08	12/31/09	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	CAGR
Key Financials								
Revenue								
Video	$3,455	$3,571	$891	$3,674	$3,784	$3,895	$4,010	3.0%
HSI	1,353	1,460	373	1,555	1,672	1,783	1,884	6.9%
Telephony	555	743	209	859	963	1,064	1,166	16.0%
Commercial services	391	456	120	541	654	784	916	18.6%
Advertising	308	267	74	294	300	330	336	1.8%
Other	405	421	105	439	457	476	495	4.1%
Revenue	**$6,467**	**$6,919**	**$1,772**	**$7,362**	**$7,830**	**$8,331**	**$8,808**	**6.4%**
% growth		7.0%		6.4%	6.4%	6.4%	5.7%	
Expenses								
Programming	($1,644)	($1,813)	($457)	($1,917)	($2,022)	($2,135)	($2,256)	6.5%
G&A, service and customer care	(1,706)	(1,780)	(445)	(1,858)	(1,932)	(2,014)	(2,094)	4.2%
Other operating expenses	(671)	(735)	(184)	(805)	(883)	(970)	(1,048)	9.3%
Total expenses	**($4,021)**	**($4,328)**	**($1,086)**	**($4,580)**	**($4,837)**	**($5,119)**	**($5,398)**	6.1%
Corporate overhead	(131)	(134)	(33)	(135)	(137)	(138)	(140)	
EBITDA	**2,315**	**2,457**	**653**	**2,646**	**2,856**	**3,074**	**3,270**	**7.2%**
% growth		**6.1%**		**7.7%**	**7.9%**	**7.7%**	**6.4%**	
% margin	**35.8%**	**35.5%**	**36.9%**	**35.9%**	**36.5%**	**36.9%**	**37.1%**	
Net cash interest expense			(207)	(845)	(900)	(885)	(817)	
Income taxes (state)			(2)	(8)	(8)	(8)	(15)	
Δ in working capital			15	79	55	89	85	
Capex			(268)	(1,180)	(1,192)	(1,115)	(1,101)	
Bank debt amortization			(18)	(70)	(70)	(70)	(70)	
Debt maturities			0	0	0	(1,100)	(2,115)	
FCF after financing activities		@ 9/30/09 PF	**$92**	**$622**	**$741**	**($14)**	**($763)**	
Total cash		**$446**	**$539**	**$1,161**	**$1,902**	**$1,888**	**$1,125**	
Total debt		$13,472	$13,385	$13,385	$13,315	$12,145	$9,960	
Net debt		13,026	12,846	12,223	11,413	10,257	8,835	
Funding gap			*0*	*0*	*0*	*0*	*0*	
Credit Statistics								
Total leverage (debt / EBITDA)			5.48x (1)	5.06x	4.66x	3.95x	3.05x	
Net leverage (net debt / EBITDA)			5.26x (1)	4.62x	4.00x	3.34x	2.70x	
		Covenant						
Total 1st lien CCO leverage (based on OCF)		4.00x	2.98x	2.92x	2.69x	2.48x	1.93x	
Leverage cushion			25.4%	27.0%	32.6%	37.9%	51.7%	
		Covenant						
Total CCO leverage (based on OCF)		5.00x	3.86x	3.79x	3.50x	2.89x	2.32x	
Leverage cushion			22.7%	24.3%	30.1%	42.1%	53.6%	

(1) Based on LTM EBITDA

Management projects 2008-2013 revenue and EBITDA CAGRs of 6.4% and 7.2%, respectively, while holding capital expenditures fairly constant at $1.1 billion. Given the Company's recent financial performance, the LQA results and its underpenetration in HSI, VOIP and advanced services relative to its peers, we think these financial projections are reasonable assuming the economy does not get much worse and competition remains fairly rational (Dish, AT&T, etc.).

Below is an EBITDA bridge from 2008 to 2013 with an explanation of the major variances.



Major 2008 – 2013e Variances

- Revenue growth driven by RGU and ARPU growth
  - RGU growth drivers:
    - Deeper penetration of residential telephony (20% in 2013e vs. 11% in 2008) and HSI services (31% in 2013e vs. 24% in 2008)
    - Successful capture of new commercial opportunities
  - ARPU growth drivers:
    - Upselling of advanced video and HSI services drives ARPU growth
    - Increasing bundle penetration in two and three product offerings
- Reduction in operating expenses driven by the following:
  - Maintain gross margins as favorable product mix offsets video margin compression
  - Scaling of labor and support infrastructure
  - G&A / field expense continue to be efficiently managed
    - Indirect expenses falls as a % of revenue to 29% in 2013e from 31% in 2008

Under this scenario, the Company generates approximately $4.2 billion of free cash flow before debt paydown from Q4 2009 through the end of 2013. This is more than enough cash flow to cover the annual bank debt amortization of $70 million and the debt maturities of $1.1 billion in 2012 and $2.1 billion in 2013. This would leave the Company with $1.1 billion of cash before the bank debt matures in 2014 and a net leverage ratio of 2.7x.

8.3.2 Base Case

The deal team prepared the Base Case using a bottoms-up KMA level model for the five-year projected period. We incorporated the KMA revenue analysis performed by Altman Vilandrie as well as our own due diligence findings and knowledge of the cable industry. The table below provides a summary of the Base Case financials based on the pro forma capital structure.

Base Case - Financial Summary

	FYE		3 Mo. Ended	FYE				'08-'13
	12/31/08	12/31/09	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	CAGR
Key Financials								
Revenue								
Video	$3,455	$3,488	$870	$3,527	$3,600	$3,670	$3,745	1.6%
HSI	1,353	1,456	372	1,529	1,628	1,719	1,810	6.0%
Telephony	555	729	205	816	893	968	1,043	13.5%
Commercial services	391	456	120	541	654	784	916	18.6%
Advertising	308	246	68	271	281	309	319	0.7%
Other	405	419	105	437	455	474	493	4.0%
Revenue	**$6,467**	**$6,795**	**$1,740**	**$7,122**	**$7,511**	**$7,924**	**$8,327**	**5.2%**
% growth		5.1%		4.8%	5.5%	5.5%	5.1%	
Expenses								
Programming	($1,644)	($1,799)	($454)	($1,893)	($2,006)	($2,127)	($2,282)	6.8%
G&A, service and customer care	(1,706)	(1,732)	(433)	(1,767)	(1,802)	(1,838)	(1,875)	1.9%
Other operating expenses	(671)	(721)	(180)	(784)	(857)	(937)	(1,012)	8.6%
Total expenses	**($4,021)**	**($4,252)**	**($1,067)**	**($4,444)**	**($4,666)**	**($4,903)**	**($5,170)**	5.2%
Corporate overhead	(131)	(132)	(33)	(131)	(131)	(131)	(132)	
EBITDA	**2,315**	**2,410**	**641**	**2,547**	**2,715**	**2,890**	**3,026**	**5.5%**
% growth		4.1%		5.7%	6.6%	6.5%	4.7%	
% margin	35.8%	35.5%	36.8%	35.8%	36.1%	36.5%	36.3%	
Net cash interest expense			(207)	(846)	(905)	(893)	(830)	
Income taxes (state)			(2)	(8)	(8)	(8)	(8)	
Δ in working capital			14	58	42	73	71	
Capex			(268)	(1,180)	(1,192)	(1,115)	(1,101)	
Bank debt amortization			(18)	(70)	(70)	(70)	(70)	
Debt maturities			0	0	0	(1,100)	(2,115)	
FCF after financing activities		**@ 9/30/09 PF**	**$79**	**$501**	**$582**	**($222)**	**($1,027)**	
Total cash		**$446**	**$525**	**$1,026**	**$1,608**	**$1,386**	**$359**	
Total debt		$13,472	$13,385	$13,385	$13,315	$12,145	$9,960	
Net debt		13,026	12,859	12,359	11,706	10,759	9,600	
Funding gap			*0*	*0*	*0*	*0*	*0*	
Credit Statistics								
Total leverage (debt / EBITDA)			5.58x [1]	5.26x	4.90x	4.20x	3.29x	
Net leverage (net debt / EBITDA)			5.36x [1]	4.85x	4.31x	3.72x	3.17x	
		Covenant						
Total 1st lien CCO leverage (based on OCF)		4.00x	3.04x	3.03x	2.83x	2.64x	2.09x	
Leverage cushion			24.0%	24.2%	29.3%	34.0%	47.8%	
		Covenant						
Total CCO leverage (based on OCF)		5.00x	3.94x	3.93x	3.68x	3.08x	2.50x	
Leverage cushion			21.2%	21.3%	26.5%	38.5%	49.9%	

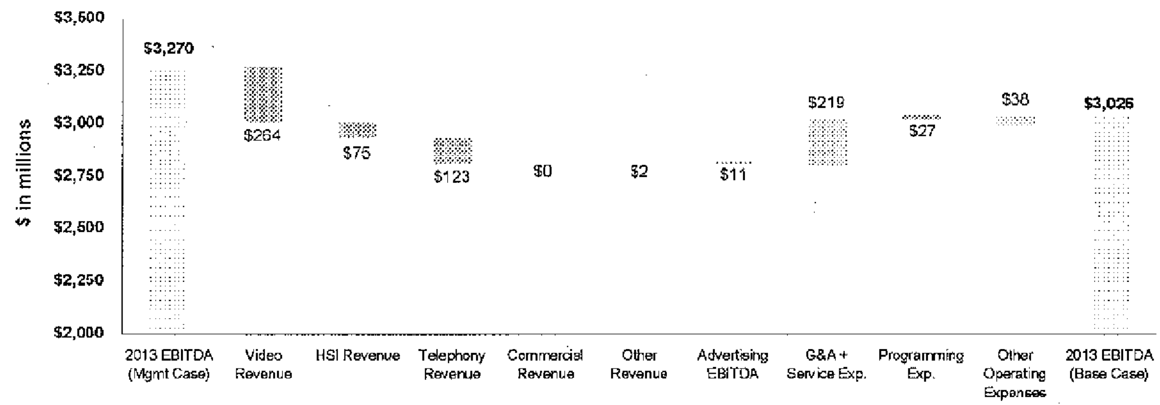
(1) Based on LTM EBITDA

In summary, the Base Case projects 2008-2013 revenue and EBITDA CAGRs of 5.2% and 5.5%, respectively, with the same $1.1 billion of total annual capital expenditures as the Management Case (although with a different split between maintenance and success-based capex). Despite the expected negative economic climate for 2009 and beyond, we believe that this forecast is realistic given the resiliency of the cable sector to economic downturns, Charter's underpenetration of advanced services relative to its peers and Charter's recent financial performance.

Under this scenario, the Company generates over $3.4 billion of free cash flow before debt paydown from Q4 2009 through the end of 2013. This is enough cash flow to cover the annual bank debt amortization of $70 million and the debt maturities of $1.1 billion in 2012 and $2.1 billion in 2013. This would leave the Company with approximately $400 million of cash before the bank debt matures in 2014.

In 2009, we expect the Company to grow revenue and EBITDA by 5.1% and 4.1%, respectively, which is modestly below the Management Case of 7.0% and 6.1%. Although the Base Case growth projections are higher than 2009 cable industry averages of 3.8% and 2.7% for revenue and EBITDA, respectively, we are still confident in our Base Case assumptions. Charter is underpenetrated relative to its peers in advanced services, HSI and phone, and most importantly, is only overbuilt with Telcos by 18% with only 4% coming from FiOS. TimeWarner, Comcast and Cablevision, on the other hand, are right in the cross-hairs of the Verizon marketing machine.

Below is an EBITDA bridge that shows the key differences between the 2013 Management Case and the 2013 Base Case.



As illustrated above, the lower EBITDA in the Base Case is primarily driven by slower revenue growth across all products and modest increases in programming expenses. This is partly offset by lower operating expenses.

8.3.3 Downside Case

Using the Base Case as a foundation, the deal team prepared the Downside Case by applying a more pessimistic view on the economy and competition. As in the Base Case, the Downside Case was assembled using a bottoms-up KMA level model. The table below provides a summary of the Downside Case financials based on the pro forma capital structure.

Downside Case - Financial Summary	FYE		3 Mo. Ended	FYE				'08-'13
	12/31/08	12/31/09	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	CAGR
Key Financials								
Revenue								
Video	$3,455	$3,414	$852	$3,340	$3,392	$3,433	$3,391	(0.4%)
HSI	1,353	1,443	369	1,480	1,512	1,539	1,579	3.1%
Telephony	555	715	201	768	815	856	894	10.0%
Commercial services	391	456	120	541	654	784	916	18.6%
Advertising	308	239	66	263	272	299	309	0.1%
Other	405	419	105	437	455	474	493	4.0%
Revenue	**$6,467**	**$6,686**	**$1,712**	**$6,828**	**$7,100**	**$7,384**	**$7,584**	**3.2%**
% growth		3.4%		2.1%	4.0%	4.0%	2.7%	
Expenses								
Programming	($1,644)	($1,771)	($447)	($1,814)	($1,906)	($2,012)	($2,101)	5.0%
G&A, service and customer care	(1,706)	(1,715)	(429)	(1,732)	(1,750)	(1,767)	(1,785)	0.9%
Other operating expenses	(671)	(712)	(178)	(764)	(830)	(902)	(966)	7.6%
Total expenses	**($4,021)**	**($4,199)**	**($1,054)**	**($4,310)**	**($4,486)**	**($4,681)**	**($4,852)**	3.8%
Corporate overhead	(131)	(131)	(32)	(126)	(124)	(122)	(120)	
EBITDA	**2,315**	**2,357**	**626**	**2,392**	**2,491**	**2,581**	**2,611**	**2.4%**
% growth		**1.8%**		**1.5%**	**4.1%**	**3.6%**	**1.2%**	
% margin	**35.8%**	**35.2%**	**36.6%**	**35.0%**	**35.1%**	**35.0%**	**34.4%**	
Net cash interest expense			(207)	(848)	(911)	(905)	(870)	
Income taxes (state)			(2)	(8)	(8)	(8)	(8)	
Δ in working capital			14	25	23	50	35	
Capex			(268)	(1,180)	(1,192)	(1,115)	(1,101)	
Bank debt amortization			(18)	(70)	(70)	(70)	(70)	
Debt maturities			0	0	0	(1,100)	(2,115)	
FCF after financing activities		@ 9/30/09 PF	**$64**	**$311**	**$333**	**($567)**	**($1,518)**	
Total cash		**$446**	**$510**	**$822**	**$1,154**	**$588**	**$100**	
Total debt		$13,472	$13,385	$13,385	$13,315	$12,145	$10,990	
Net debt		13,026	12,874	12,563	12,160	11,557	10,890	
Funding gap			*0*	*0*	*0*	*0*	*1,030*	
Credit Statistics								
Total leverage (debt / EBITDA)			5.71x (1)	5.59x	5.35x	4.71x	4.21x	
Net leverage (net debt / EBITDA)			5.49x (1)	5.25x	4.88x	4.48x	4.17x	
		Covenant						
Total 1st lien CCO leverage (based on OCF)		4.00x	3.11x	3.22x	3.08x	2.95x	2.79x	
Leverage cushion			22.3%	19.4%	23.1%	26.2%	30.2%	
		Covenant						
Total CCO leverage (based on OCF)		5.00x	4.02x	4.18x	4.00x	3.44x	3.27x	
Leverage cushion			19.5%	16.3%	20.0%	31.2%	34.5%	

(1) Based on LTM EBITDA

In summary, our Downside Case assumes 2008-2013 revenue and EBITDA CAGRs of 3.2% and 2.4%, respectively, with capital expenditures relatively flat at $1.1 billion per annum (same as the Base Case). In actuality, we believe that capital expenditures would be much lower in a low-growth scenario, considering approximately 50% of capex is related to CPE. Nonetheless, we kept capital expenditures unchanged from the Management Case for the sake of conservatism.

Under this scenario, the Company generates approximately $2.1 billion of free cash flow before debt paydown from Q4 2009 through the end of 2013. Post the annual bank debt amortization and debt maturities, the Company is projected to have approximately $600 million of cash available on its balance sheet at the end of 2012, but have a funding gap of approximately $1 billion by the end of 2013. The Company's net leverage at that point would be approximately 4.2x. Even in the Downside Case, the Company would never fall below a 16% cushion for its two maintenance leverage covenants.

Below is an EBITDA bridge that shows the key differences between the 2013 Management Case and the 2013 Downside Case.